

**MINUTES OF THE SPECIAL MEETING
OF COMMISSIONERS OF THE
SILVER LAKE WATER & SEWER DISTRICT**

November 19, 2018

The special meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on November 19, 2018, beginning at 5:30 p.m., at the District Administration Building. Attending were Commissioners Bill Anderson, Rod Keppler, and Anne Backstrom. Also present were General Manager Curt Brees, District Engineer Rick Gilmore, Finance Manager Brad Nelson; and Eric Delfel with Gray & Osborne, Inc. The purpose of the meeting was to consider all business that may come before the Board. The special meeting had been scheduled to replace the Board's regular meeting which was scheduled for Thursday, November 22, the Thanksgiving holiday.

1.) CALL TO ORDER:

Commissioner Anderson called the meeting to order at 5:30 p.m.

2.) APPROVAL OF MINUTES:

The Minutes of the regular meeting of November 8, 2018 were unanimously approved as circulated.

3.) PUBLIC COMMENT:

There were no members of the public present for comment at the meeting.

4.) FINANCIAL MATTERS:

a.) Vouchers and Check(s) Approval

Following discussion of various matters, vouchers and revolving fund checks were unanimously approved and signed as follows:

Fund	Code	Number	Amount
Water Maintenance	743 5408666	.11-045-.11-070	\$25,137.41
Sewer Maintenance	743 5418666	.11-008-.11-014	5,998.33
Sewer Capital Improve.	743 5448666	.11-006-.11-010	4,617.81
Water Capital Improve.	743 5468666	.11-007-.11-011	5,207.32
Revolving Check Fund		6238 - 6258	3,058.83
Total Warrants			\$44,019.70

b.) Staff Report – Capital Improvement Program for 2019

Mr. Nelson provided a verbal summary to the Board of Commissioners of a Staff report including tables and attached Chapter 8 Capital Improvement Plans for both water and wastewater, regarding the Capital Improvement Program for 2019.

The District's expected investment in water and sewer infrastructure is \$6,310,372 for 2019, with another \$8,437,320 in 2020. Funding to pay for the District's capital projects are typically provided by General Facility Charges that are assessed to all new water and

sewer connections or by the issuance of debt, including Public Works Trust Fund Loans (PWTF). While new PWTF loans ended in 2013, the District still has a \$7,810,000 loan to provide funding for the City of Everett Water Pollution Control Facilities (WPCF) Expansion project. The District continues to request loan reimbursements when the City of Everett submits an invoice, and in 2017 negotiated a broader project scope to include other City of Everett Sewer Plant Improvements as authorized by the PWTF program to maximize the District's use of the loan. Funding for the Clearview Water Supply Agency's (CWSA) capital projects is currently embedded in the water rates charged by the CWSA.

The District is contractually obligated to pay a portion of the cost of certain City of Everett Sewer Treatment Plant projects. The District's percentage of the projects are defined by contract and based on the percentage of the City's Sewer Treatment Plant's capacity. For most treatment plant projects, the District's percentage is 16%. The Tables outlined the City of Everett's current planned projects, the project's total budget, the District's share of the project (%), and the District's share of the projects for 2019 and 2020. The District expects to pay the City of Everett \$1,280,000 in 2019 and \$56,000 in 2020 for Capital projects.

The District is a member of CWSA and has contractual agreements to share in the capital improvement of CWSA's capital projects. In 2013, CWSA changed the accounting classification of several projects from maintenance to capital, to better reflect the work being performed and how costs were being allocated to the members. The District's share of CWSA's capital projects, depending on the project, ranges from 20.16% to 26.87%. Currently, there are no projects scheduled for 2019 or 2020.

5.) CAPITAL IMPROVEMENT PROJECT(S):

a.) Staff Report – Headquarters Project Update

Mr. Brees presented a Staff report to the Board of Commissioners regarding the Headquarters Project update.

Current work on the project is focused on completion of a few remaining punch list items. Originally, the punch list included 127 items to be addressed by the Contractor in order to complete the project. There are approximately 5-10 items remaining and since issuance, approximately ten additional items have been identified that require warranty repair. Petra has been focused on completing a short list of items prepared by the Snohomish County inspector to obtain the final occupancy certificate. Several of the County's items were already on the District's punch list.

All work on the project was to be completed by November 2, 2018, and Petra was close to meeting this requirement. The District has yet to assess any additional project penalties for ongoing delay, but the District will reserve all rights with respect to the project contract and Petra until all of the punch list items are addressed and the project work is fully completed and accepted by the District. In addition to the punch list items, the Contractor is contractually obligated to warranty all work for one year from the date of final completion, which date has yet to be established.

b.) Staff Report – Reservoir No. 3 Improvement Project Update

Mr. Gilmore presented a verbal summary of a Staff report regarding the Reservoir No. 3 Improvements Project update.

Coatings Unlimited is the interior paint system subcontractor. The blasting and priming is complete, except for the door sheet which will be completed at the end of their work. The filling of the unsealed gaps where the ribs are welded to the roof is also now complete. The filling of the unsealed gaps was tracked on a time and material basis, and will be included in a future change order as the work needed to progress to not delay the full coating work. The work was completed faster than the Contractor had estimated.

The booster station generator and fuel tank have been placed on their construction pad awaiting the Alum Tec noise enclosure which, although promised, has not yet cleared State inspection requirements for crossing the border from Canada. Interior sheet rock installation and taping is complete and has also been painted. The station grating platform is installed and the railing is scheduled to follow the placement of the bridge crane, scheduled for completion this week. Wall framing for insulation and the noise abatement panel installation is installed. Electrical stringing of conduits is nearly complete and lighting fixture installation will follow. Mr. Gilmore will keep the Board further advised.

c.) Staff Report – Front Office Security Improvements

Mr. Brees presented a Staff report to the Board of Commissioners regarding the Front Office Security Improvements.

Physical work on the project began on October 8, 2018, and is now nearing completion. Prior to the work by the contractor, District staff moved existing office furniture, equipment, and constructed a counter to allow for customer service functions within the Board Room during the contractor's work. Since the last update, the walls have been painted and the countertop and bullet proof glass have been installed. The contractor has also fabricated and installed maple trim throughout the area.

Remaining work elements include installation of new carpet, doors, door hardware, and remaining electrical work. Upon completion of the contractor's work, District staff will move furniture back and complete connection of the access controls for the new secure doors. The Contractor has indicated that they anticipate finishing work approximately one week early, just before Thanksgiving.

Previously, the General Manager executed Change Order No. 1 on behalf of the District, setting the date of Substantial Completion for the Front Office Security Improvements Project as November 29, 2018. Change Order No. 2 is forthcoming when finalized and will increase the contract amount by approximately \$2,700, related to a change in the framing materials. The completion is estimated for November 21, 2018; however, the Contractor will have until November 29, 2018, if necessary, to complete the work. District staff will work afterhours or over a weekend to finalize the project, minimizing disruption to customers.

6.) MAINTENANCE AND OPERATION REPORT(S):

a.) Staff Report – 2019 Dental Insurance for District Employees

Mr. Brees provided a verbal summary to the Board of Commissioners of a Staff report with an attached Dental Insurance Comparison, regarding 2019 Dental Insurance for District Employees.

The District provides options for medical, vision, dental, life and long term disability insurance, in addition to a health retirement account (HRA-MVEBA) to employees and elected officials. Annually these are reviewed coinciding with any changes to coverage or premiums for insurance. The current monthly stipend is \$2,215, which was last increased in 2015.

Previously, the District purchased insurance through a County insurance pool available to the District when Snohomish County acted as the Treasurer. In the recent years leading up to 2017, the District contracted for coverage by means of a broker who coordinates directly with insurance carriers for coverage on behalf of the District.

In 2017, for coverage beginning on 12/1/2017, the District joined the State administered Health Care Authority (HCA) Program known as PEBB for medical and vision insurance. The specific PEBB program selected by the District, at the recommendation of the Employee Committee and with the approval of the Board of Commissioners, was insurance coverage for medical and vision coverage only. The Employee Committee had determined that, based on the demographics of District employees, rules of participation for full insurance coverage under PEBB and the current coverage selected by District employees, it would be more cost effective to purchase Dental, Life and LTD insurance coverage through a broker. As a result, in 2017, the District solicited proposals from both SCS, the District's then-current insurance broker, and Arthur J. Gallagher & Co., the District's HRA-MVEBA administrator for Dental, Life and LTD coverage of District Employees.

The District selected the proposal provided by Arthur J. Gallagher & Co. for MetLife Insurance. The Life, AD&D and LTD insurance selected in 2017 was for a 25 month term and coverage is in effect from 12/1/2017 through 1/1/2020. The Dental Insurance was for a 13 month term ending on 12/31/2018; therefore, the District must now obtain new coverage for Dental Insurance in 2019.

Arthur J. Gallagher & Co., acting as broker for the District, has obtained two quotes for Dental Insurance, a renewal from MetLife, and an alternate plan offered by Delta Dental. For 2019, the Washington State Office of the Insurance Commissioner will no longer allow insurance carriers to discount rates for small group plans from the rates paid by individual participants. Therefore, the MetLife renewal for 2019 increased premiums while it reduced benefits. The Delta Dental proposal maintained benefits, however, at a higher premium cost.

The District's Employee Committee has reviewed both proposals and recommended selecting Alternative No. 1 offered by Delta Dental that maintains the benefit levels. The impact to District expenditures on an annual basis is approximately \$1,200, as the increased premiums will be paid from the current monthly stipend allocated to each employee.

District staff recommended the Board of Commissioners accept the proposal from Arthur J. Gallagher & Co. for Dental insurance coverage provided by Delta Dental of Washington, and to authorize the General Manager to contract for these coverages.

Following discussion, by motion made, seconded, and passed unanimously, the Board of Commissioners approved the proposal from Arthur J. Gallagher & Co. for Dental insurance coverage to be provided by Delta Dental of Washington, and authorized the General Manager to contract for these coverages.

7.) INTER-AGENCY REPORTS

a.) WASWD Section 3 Meeting Update

Mr. Brees provided a report to the Board of Commissioners regarding the WASWD Section 3 Meeting he and Commissioner Anderson attended on November 13, 2018.

The primary topic discussed at the meeting was the process for bringing new wells online to an existing water system.

Jeff Clarke, State Association President, reported on the recruitment process for a new Executive Director that was announced last week, and also spoke about the difficulties that the Association has had achieving quorums for business meetings held at the conferences. Mr. Clarke asked for, and received, suggestions from those in attendance as to how the issue could be addressed. Common themes to the responses included holding only one conference per year, conducting the business meeting at the beginning of a conference, rather than at the end, and using technology to allow for remote participation.

8.) STAFF REPORTS

a.) District Engineer:

No further report.

b.) Finance Manager:

Mr. Nelson provided a brief report to the Board regarding the State's new paid sick leave law, summarizing how the phased implementation begins on January 1, 2019, while the final rules have yet to be completed by the implementing state agency. Dependent on the final rule adopted, the District may choose to opt out of the State program or participate. Also depending on the final rule, existing District policies may need to be modified to either comply or coordinate with the State program. District staff have been participating in webinars regarding the new law, and monitoring the development of the rules.

c.) **General Manager:**

Mr. Brees reported that the District's Fall/Winter Newsletter is in the process of being finalized for publication. Mr. Brees identified the subjects of the articles and the Commissioner's Corner feature was discussed.

The General Manager requested an Executive Session to discuss matters pursuant to RCW 42.30.110 (1) (g) to review the performance of certain District public employees. A motion was made, seconded, and unanimously carried by the Board of Commissioners to convene to an Executive Session to discuss these matters. Before convening to the Executive Session at 5:55 p.m., Commissioner Anderson advised that the Executive Session would be concluded at approximately 6:40 p.m. The Executive Session was attended by General Manager Brees and the Board of Commissioners, the Session concluded at 6:40 p.m. and the open public meeting reconvened. No further action was taken.

This ends the Minutes of the November 19, 2018 special meeting. The following signature page is a scanned image of the original signature page of the Minutes and certifies these are the approved Minutes by the Secretary of the Board.

Minute Certification

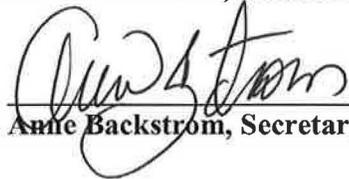
I, the undersigned, Secretary of the Board Commissioners of Silver Lake Water and Sewer District, Snohomish County, Washington (the "District"), hereby certify as follows:

1. The attached copy of the Minutes of the Meeting of Commissioners (the "Minutes") is a full, true and correct copy of the Minutes of the November 19, 2018 special meeting of Commissioners, duly adopted at a regular meeting of the Board of Commissioners of the District, held at the regular meeting place thereof on December 13, 2018, as these Minutes appear on the Minute book of the District; and;

2. A quorum of the members of the Board of Commissioners was present throughout the meeting and a majority of those members present voted in the proper manner for the approval of these Minutes.

IN WITNESS WHEREOF, I have hereunto set my hand this 13th day of December, 2018.

**SILVER LAKE WATER AND SEWER DISTRICT
SNOHOMISH COUNTY, WASHINGTON**



Anne Backstrom, Secretary