

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

April 25, 2019

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on April 25, 2019, 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, Technical Services Manager Chad Phelan, Executive Assistant Shelley Stevens; Eric Delfel with Gray & Osborne, Inc., Consulting Engineer for the District; and John Milne with Inslee, Best, Doezie, and Ryder P.S., Attorney for the District. One member of the public was also in attendance at the meeting.

1.) CALL TO ORDER:

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

2.) APPROVAL OF MINUTES:

The Minutes of the regular meeting of April 11, 2019 were unanimously approved as circulated.

3.) PUBLIC COMMENT:

There were no members of the public that wanted to provide comment at this time.

4.) INFORMAL HEARING – APPEAL OF GENERAL MANAGER DECISION REGARDING INVOICE FOR CONSTRUCTION INSPECTION ASSOCIATED WITH SALAMEH EXTENSION AGREEMENT

Mr. Keppler opened the Informal Hearing at 5:35 p.m. He asked that all parties in attendance that wish to testify identify themselves. Mr. Joe Salameh identified himself to the Board of Commissioners.

Mr. Brees stated that on March 30, 2018, the Salamehs entered in to a Developer Extension Agreement (DEA) with the District to construct a side sewer within the Snohomish County right-of-way to serve a future single family residential home to be constructed on the Salameh's' property. This DEA was the standard agreement for system extensions that requires in Section 5 of the DEA that the Developer "reimburse" the District for all costs of plan review, inspection, and all other work on this project done by District staff or consultants. In the plan review process, the District's Engineer permitted construction of a side sewer rather than a full sewer extension to District standards, due to several site specific factors, including location on the District's boundary, no anticipation of a sewer extension beyond the Salameh property, limited development potentially due to wetlands, and the development of the property limited to a single family residence.

Mr. Brees stated he had prepared materials for the record that he provided to the Board of Commissioners to give some background regarding Mr. Salameh's appeal. The Salamehs are the owners of a property on 35th Avenue that is in the boundary of Silver Lake Water and Sewer District (east side) and Alderwood's (west side), adjacent to Mr. Salameh's are large tracts. In 2018, Mr. Salameh requested to extend sewer and water to the property. He has a reasonable use exemption to construct a single family home and some special steps would need to be completed in order to serve the single family home. To provide water service, an Interlocal Agreement was required with Alderwood. In extending the agreement, Mr. Salameh will be served by a District water meter connected to an Alderwood water main. The Developer Extension Agreement was required for work within the right-of-way and an Interim Service Agreement for the connection to the Alderwood water main and an Easement was required, in the event the property to the south is developed and a new point of connection for water service is established.

Commissioner Keppler asked if the District had allowed sewer service on this basis before, and Mr. Brees responded in the affirmative because Mr. Salameh had a unique topographical work area. He stated the 35th Avenue work zone was active and the Salameh work had to be coordinated with the County. The Salameh project needed more coordination and more supervision compared to a typical side sewer connection.

Mr. Brees stated that Mr. Salameh was billed for 25 hours of inspection time on two invoices from G&O, that were then issued to the District and then to Mr. Salameh. The 25 hours occurred during eleven dates in September that corresponded with three days administrative tasks and then eight days of inspection in the field. However, Mr. Salameh complained in November 2018 that:

- The District should pay for the inspection fees.
- The rates are too high.
- Mileage was not anticipated.

Mr. Brees agreed to review the invoices provided by Mr. Salameh but had indicated to him that the District does not negotiate fees. When Mr. Brees inspected the invoices, he did find a discrepancy and discussed that with the consultant. The invoice was then corrected, reduced and reissued to Mr. Salameh. In his opinion, Mr. Brees felt the invoice for inspection services was actual, reasonable, and typical for the services provided to Salameh. However, the invoice was still not acceptable to Mr. Salameh, who has appealed his decision and the fees to the Board of Commissioners.

Mr. Keppler then invited Mr. Salameh to present any information he desired to the Board related to his appeal. Mr. Salameh then testified, and stated he agreed with all Mr. Brees had said. He said he was thankful for the District's Engineer, Mr. Gilmore, that he provided guidance to him in the permitting process. He said the question is not for hours billed. He stated he does construction and inspections in his work, and he felt the District's inspections took too long and there should not be a charge for inspections. He asked why the District charged for inspections, as he thought it would be a part of the permitting process. He contended that no one charges for inspections. He then provided the Commissioners with written materials for the record.

Mr. Salameh stated he agreed with the provisions of the DEA of March 30, 2018, which required him to pay for inspection time, but still felt the charges were too high.

Commissioner Keppler asked Mr. Salameh if he had reviewed and signed the DEA, and Mr. Salameh confirmed he had. However, Mr. Salameh contended the inspection fees were too high, and inspection should not have been done by an outside consultant.

Therefore, Mr. Salameh requested the Board waive or reduce his fees. He believes the inspections should be free of charge, and were unjust and unreasonable.

Following Mr. Salameh’s testimony, the Board was invited to ask questions of the parties and consultants. Mr. Milne advised that State law, including Chapter 57.22 RCW, required parties seeking utility service to their property to pay all fees, costs and expenses relating to the extension improvements. The DEA was a contract between the District and Salameh, and Salameh had agreed to pay the inspection charges as part of that agreement. Further, if Salameh did not pay the charges, that would violate Article VIII, Section 7 of the Washington State Constitution which prohibited the gifting of public funds or services. If Salameh did not pay the charges, the District’s ratepayers would bear that expense, and subsidize the cost of his extension project. Further, other parties in his situation had paid the charges, and it would not be fair to charge them and not Mr. Salameh. As there were no further questions, Mr. Keppler closed the portion of the hearing for testimony.

The Board then deliberated on Mr. Salameh’s appeal. Following discussion, by motion made, seconded, and carried unanimously, the Commissioners determined to deny Mr. Salameh’s appeal finding that he had been correctly invoiced for reimbursable expenses according to the terms of the DEA, the inspection charges were actual and reasonable, and were assessed in accordance with applicable State law.

5.) 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	.04-057-.04-087	\$61,362.01
Sewer Maintenance	743 5418666	.04-013-.04-018	160,702.81
Sewer Capital Improve.	743 5448666	.04-004-.04-007	129,174.96
Water Capital Improve.	743 5468666	.04-005-.04-009	240,009.89
Revolving Check Fund		6431 - 6458	10,941.04
Total Warrants			\$602,190.71

b.) Staff Report – 2019 Pass-through Rate Adjustment – Resolution No. 772

Mr. Nelson provided a report to the Board of Commissioners on a Staff report regarding 2019 Water and Sewer Rate Adjustments and Draft Resolution No. 772.

Following discussion, by motion made, seconded, and carried unanimously, the Commissioners adopted Resolution No. 772 and established water and sewer rates and definitions for customer classifications and repealed Resolution No. 756.

c.) Staff Report – First Quarter Financial Reports

Mr. Nelson provided a report to the Board of Commissioners on a Staff report regarding First Quarter Financial Reports, March 31, 2019 (Pre-closing).

The Board of Commissioners are provided a Quarterly Financial Report that outlines the District's financial information for the quarter and the year. The financial information contained within the report are considered Pre-closing reports, which means the financial information does not include accrued information for revenues and expenses. In addition, the entries to close projects that were completed in 2018 have not been received from the District's CPA firm. As such, the District's Capital Projects' section will be separated between projects closed in 2018 (waiting for closing entry) and ongoing 2019 projects.

The District's First Quarter Pre-closing Revenues from all sources are \$5,408,147. This was a decrease of \$30,462 compared to the First Quarter of 2018. Charges for Service revenues increased by \$117,105. However, Bills of Sale and New Connection Fees decreased \$233,855 from 2018's First Quarter.

The District received \$47,733 more in Water Service revenues, with customer water consumption (measured in units) up 5.4% from 2018.

The District's total expenses posted through March 31, 2019 were \$4,000,361. The largest operating costs continue to be purchased water and sewer treatment services which totaled \$1,500,409. Overall, District expenses were \$146,488 higher than the first quarter of 2018.

Currently, the District's Net Income through March 31, 2019 is \$1,407,786, which is a decrease of \$176,950 from 2018. The major reason for the change in Net Income is the decrease in New Connection and Bills of Sale revenue.

The District's cash and investments totaled \$43,761,674, which is a decrease of \$1,848,087 from March 31, 2018. The main reasons for the decrease in cash are capital project spending on the Headquarters Remodel and Reservoir No. 3 Project that are now complete. In addition, staff requested the Board of Commissioners authorize a \$2,000,000 transfer from the Water Maintenance Fund to the Capital Improvement Fund (Water).

Included with the Financial Statements were the Capital Project Summary Reports for the District's various major Capital projects.

- **Seattle Hill Road - Phase II** – The project is complete and the final retainage payment of \$9,668.21 to Taylor's Excavators, Inc. is included with tonight's check approval. The final accounting report is included, with the exception of the retainage payment. Including the retainage payment, the project's total costs are \$258,736.46. There are about \$30,000 in extra quantities related to more water valves and manholes being raised. The project had a per item cost for these items.

- **Reservoir #3 Improvement Project** – The project is ongoing as of the date of the report. The original estimated costs for the project, net of the City of Everett’s share, were \$3,188,587.00. As of March 31, 2019, a total of \$3,901,938.44 was spent; of which \$370,212.57 has been billed to the City of Everett. Respective of the costs shared by the City of Everett, the project is currently \$413,138.87 over its estimated costs.
- **Headquarters Remodel Project** - The project is complete with the exception of project documentation and retainage that has not be paid. The Final Accounting Report will be provided to the Board of Commissioners with the Second Quarter Financial Report in July, 2019.

Following discussion, by motion made, seconded, and passed unanimously, the Board of Commissioners authorized the District’s Finance Manager to transfer funds from the Water Maintenance Fund to the Capital Improvement Fund Water, in the amount of \$2,000,000.

6.) CAPITAL IMPROVEMENT PROJECT(S):

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

Mr. Gilmore provided a verbal summary to the Board of Commissioners of a Staff report regarding the Reservoir No. 3 Improvement Project.

The damaged interior coating was scraped of delamination, recoated, and is continuing to cure and off-gas any volatile organic compounds before refilling the tank. The Contractor completed a punch list of small items and staff is recommending acceptance of the project as complete. RAZZ Construction has been informed that the paint coating repair area will be specifically examined in the one-year and two-year inspections identified in the Contract documents to confirm no additional delamination has occurred.

Progress Pay Estimate No. 16 was prepared by Gray & Osborne (G&O) and was attached to their report along with their Letter of Recommendation to pay RAZZ Construction for the work performed through April 19, 2019, as identified on Final Pay Estimate No. 16, including sales tax, in the amount of \$182,585.49. The final pay estimate includes the additional costs identified in Change Orders 1, 2, and 3, as well as some increased costs due to unit price and estimated quantities for items such as paving, crushed rock, storm and sewer pipe length that exceeded the estimated bid costs for these items. The final total costs with these approved increases is two percent over the original bid total. The total contract amount paid to RAZZ Construction with change orders and unit price quantity adjustments and sales tax for the Reservoir 3 Improvements is \$3,360,424.85. RAZZ Construction has provided a Retainage Guarantee Bond.

Staff recommended to pay RAZZ Construction for the work performed thru April 19, 2019, as identified on Pay Estimate No. 16, including sales tax, in the amount of \$182,585.49.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved Pay Estimate No. 16 and directed staff to process a payment to RAZZ Construction for work performed as identified, including Washington State Sales

Tax, in the amount of \$182,585.49. Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners accepted the construction of the Reservoir No. 3 Improvements Project as complete, and directed staff to proceed with the Public Works Notice of Completion Form to initiate the state approval process for the release of Retainage Bond.

b.) Staff Reports – Seattle Hill Road Valve & Manhole Adjustments – Phase 2

Mr. Gilmore provided a verbal summary to the Board of Commissioners of a Staff report regarding the Seattle Hill Road Valve & Manhole Adjustments Phase 2 project.

The District's valve and manhole adjustment work on Seattle Hill Road was reported to the Board as installed, and a Notice of Completion of Public Works Project was executed and submitted to the State to initiate the retainage release process. The State completed their evaluation and the District received the release on retainage from the State for this project.

Pay Estimate No. 3 was prepared by Gray & Osborne along with their recommendation to submit the Notice of Completion previously. Gray & Osborne had submitted a Letter of Recommendation to the District General Manager to pay Taylor's Excavators' final pay estimate releasing retainage. Retainage in the amount of \$9,668.21 will be processed for payment. Mr. Brees authorized payment and reported this action to the Board of Commissioners as required by the District's small works project procedures.

c.) Developer Extension Application – Watson Short Plat

Mr. Gilmore presented a verbal summary to the Board of Commissioners of a Staff report regarding a Developer Extension Application for Watson Short Plat.

Watson Short Plat is located at 12517 and 12521 Ruggs Lake Road SE. This project is a seven lot subdivision of two existing lots fronting on the northern side of Ruggs Lake Road SE. The development is proposing to serve six new sewer connections and five new water connections. This project is adjacent to the Castlewood subdivision.

Following discussion, by motion made, seconded, and passed unanimously, the Board of Commissioners approved and executed the Developer Extension Agreement for Watson Short Plat.

7.) MAINTENANCE AND OPERATION REPORT(S):

a.) Review Upcoming Board of Commissioners Meeting Schedule

Mr. Brees reported to the Board of Commissioners that the meeting scheduled for June 13, 2019 is a conflict for the General Manager and Finance Manager. In addition, Commissioner Backstrom and the District Engineer will have just returned from the ACE Conference the day prior. Due to these conflicts, staff recommended that the regular meeting scheduled for June 13, 2019 be canceled, and a special meeting be scheduled for June 6, 2019, to conduct the regular business of the Board of Commissioners.

Following discussion, by motion made, seconded, and passed unanimously, the Board of Commissioners approved canceling the Regular Board meeting scheduled for June 13, 2019, and called for a Special Board meeting on June 6, 2019, to conduct the regular business of the Board of Commissioners and requested staff provide the required notice for this meeting.

b.) Staff Report – Review New Position Classification – Technical Services

Mr. Phelan provided a verbal summary to the Board of Commissioners of a Staff report, Job Description, and Draft Resolution No. 773, for their consideration.

In 2015, a new position classification for GIS Technician was created by the District when the District internalized GIS (Geographic Information System) functions previously performed by Gray & Osborne. Since 2015, the quality and quantity of information contained in the GIS system has improved dramatically and is utilized by nearly every District employee on a daily basis. As the GIS system has matured, the job functions and the skills and abilities of the incumbent GIS Technician have evolved as well. It is a standard practice of the District and other employers to evaluate job descriptions and ensure that they are a good representation of the duties that are performed by the employee and accurately reflect their skills and abilities.

Other utilities and municipalities like the District have also come to rely on GIS systems. It has come to staff's attention that the District's employee in the GIS Technician role has taken on additional duties that are outside the scope of the original GIS Technician Job Description and are more comparable to GIS Analyst Positions that are common among many other employers. This staff member is able to work more independently and handle more complex workloads. The position is taking a leading role in developing the Asset Management Program at the District, coordinating with the District Engineer and Inspector on Developer Extensions, coordinating the Cross Connection Control Program, and managing the GIS and Asset Management databases.

After evaluating similar positions at comparable agencies, District staff have determined that the title of GIS Analyst is a better fit for the position as currently performed.

Staff conducted a salary review using the methodology which was used to establish salary ranges of the other District positions relying on the same comparable agencies.

Staff recommended that the GIS Analyst position be added by Resolution No. 773 to the District's position classifications, with a salary range set according to the Table included. The District's current GIS Technician will then be reclassified as a GIS Analyst, effective at the start of the next regular pay period.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners adopted Resolution No. 773 adjusting the range of current and new hire employee salaries, wages, and daily compensation rate for on-call duty, and repealed Resolution No. 768.

8.) INTER-AGENCY REPORTS

a.) Staff Report – WCIA Annual Audit

Mr. Brees reported that District staff met with Tanya Crites, the District's WCIA Risk Management Representative, on April 18, 2019, to conduct the 2019 Annual Audit as required by the WCIA compact. The focus of this year's audit was the District's Fleet Management practices; however, several other topics were discussed as well. WCIA made several recommendations to the District for policies and practices to update in order to minimize liability. Some of these recommendations were:

- **CDL Drivers** – All CDL Drivers should be checking the box for “Excepted Interstate” when renewing licenses.
- **Update Resolution No. 459** – Relates to Drug and Alcohol Polices for Employees in safety sensitive positions. Amend with new resolution that adopts by reference the current AWC Program that the District is participating in.
- **Driver's Abstracts** - District should be checking these for all CDL Drivers (annually-would be best). The District may also consider a program to check for other non-CDL drivers that regularly drive District vehicles. Currently Driver abstracts are checked for new hire employees.
- **Driver's Abstracts (New Hire)** – Develop a policy to evaluate abstracts for prospective new employees that uses a points-based scoring system. WCIA has two sample policies available for the District to review.
- **Vehicle Use Policy** – Minor updates to the District's current Vehicle Use Policies are suggested. Modify the policy to address only vehicles; also suggested developing a separate Equipment Policy, possibly to be added to the Safety Manual.

Other topics that were discussed were:

- **Training Suggestions:** Claims & Incidents Training. This will be scheduled onsite for District staff; Local Gov U Online Training for “Reasonable Suspicion” (for supervisors and related to Drug and Alcohol).
- **General Manager** – As the Delegate for the District, the General Manager needs a training session this year. This training will need to be finished by the end of October 2019. There is one training session at the Fall Meeting to be held at the airport.
- **District's Employment Application** – We need to take out the section on Criminal Conviction History and the starting/current salary area.
- **Domestic Violence Policy** – Review new requirements under Washington State Law.

9.) STAFF REPORTS

a.) District Engineer:

No further report.

b.) Finance Manager:

Mr. Nelson reported he has learned that the Woodinville Water District has undergone a Department of Revenue (DOR) Audit that may have implications for the District's tax calculation dispute with the DOR. Mr. Nelson will monitor for further developments.

Mr. Nelson reported that the HRA Veba Board has announced another opening for a new Board member. Mr. Nelson expressed his willingness to serve as a Board member on behalf of the District. The Commissioners then requested the General Manager write a letter recommending Mr. Nelson for the open position.

Mr. Nelson reported that an existing District customer has been notified of connection charges due for the creation of an Accessory Dwelling Unit (ADU). The District had received an Escrow Request for the property and in reviewing the real estate listing, discovered that the existing home has been remodeled to create two separate dwelling units. However, the District has only received payment of connection charges and service rates for one dwelling unit. The escrow letter was updated to reflect connection charges and future service rates owing.

c.) Attorney:

No further report.

d.) General Manager:

Mr. Brees reported to the Board of Commissioners that the City of Everett has notified the District that after this year (2018 Report) that it will no longer coordinate the publication of a Consumer Confidence Report for wholesale customers. For several years, the District had modified the City of Everett's publication to suit the District's needs as much of the data presented is common to the testing performed by Everett at the Water Filtration Plant. For the 2019 Report, the District may consider using Relaeana Sindelar who assisted in the preparation of the District's most recent newsletter.

Mr. Brees requested the Board of Commissioner's approval for an all-staff BBQ on Friday, May 24, 2019, at Noon, in celebration of Memorial Day. Following discussion, the Board approved an all staff BBQ on May 24, 2019, in celebration of Memorial Day.

Mr. Brees also requested the Board of Commissioner's approval to close the District's Office on Friday, May 31, 2019, from 11:00 a.m. to 1:00 p.m., to celebrate the retirement of Mr. Richard Hoffer, as this will be his last working day at the District. Following discussion, the Board of Commissioners approved the District's Office to be closed from 11:00 a.m. to 1:00 p.m., to celebrate Mr. Hoffer's retirement.

Mr. Brees reported that Dylan Burns has started work for the District as a Utility Worker 1 and that Jeremy Hankla's first day is scheduled for Friday, April 26, 2019. Jeremy will be starting as a Utility Worker II.

This ends the Minutes of the April 25, 2019 regular 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 April 25, 2019 regular 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 May 9, 2019, 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 9th day of May, 2019.

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



Bill Anderson, Secretary