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**MUKILTEO WATER AND WASTEWATER DISTRICT
BOARD OF COMMISSIONERS MEETING**

Minutes of February 16, 2011

The February 16, 2011 Regular Meeting of the Board of Commissioners was called to order at 7:00 PM in the District office.

PRESENT

Commissioners -- Ed Caine, Mike Johnson, Thomas McGrath,
Thomas Rainville and Joan Thomasson
Engineer – Eric Delfel and Tom Zerkel
Staff -- Dan Hammer, Sue Parks, Gil Bridges, Kevin English and
Mary Merriam

***APPROVAL OF
AGENDA***

Commissioner Thomasson made a motion to approve the Agenda as presented. Commissioner Johnson seconded the motion. The motion passed unanimously.

***MINUTES
APPROVED***

Commissioner McGrath made a motion to approve the Minutes of the February 2, 2011 Board Meeting. Commissioner Thomasson seconded the motion. The motion passed with four (4) yea votes; Commissioner Johnson abstained since he was not in attendance at that meeting.

CONSENT AGENDA

After review of the Consent Agenda Items, Commissioner Caine made a motion to approve the items listed. Commissioner Johnson seconded the motion. The motion passed unanimously.

Vouchers

Water Maintenance Fund (741-5408666)

Voucher number 2798 in the amount of \$17,307.37.

Water Maintenance Fund (741-5408666)

Beginning with 2799 through 2826 in the amount of \$146,384.59.

Water Capital Improvement Fund (741-5458666)

Voucher number 2796 in the amount of \$195,098.37.

Water Capital Improvement Fund (741-5458666)

Voucher number 2797 in the amount of \$11,360.60.

Wastewater Maintenance Fund (741-58408666)

Voucher number 2601 in the amount of \$14,900.91.

Wastewater Maintenance Fund (741-58408666)

Beginning with 2602 through 2610 in the amount of \$15,498.02.

Wastewater Capital Improvement Fund (741-58468666)

Voucher number 2599 in the amount of \$64,751.76.

East Wastewater Maintenance Fund (741-59418666)

Voucher number 0354 in the amount of \$76.94.

East Wastewater Maintenance Fund (741-59418666)

Beginning with 0355 through 0356 in the amount of \$76,476.77.

Wastewater Big Gulch Fund (741-58568666)

Voucher number 2600 in the amount of \$800.00.

Approve Discharge Monitoring Report & Noncompliance Notification

The Board reviewed and approved the January 2011 Discharge Monitoring Report and the Noncompliance Notification.

Adjustments to Customer Accounts

The Board reviewed the January 2011 Customer Account Adjustment Form which indicated 11 accounts were adjusted. The President of the Board was authorized to sign the form.

Investment Report

The Board reviewed and approved the January 31, 2011 Investment Funds Report.

Conference Request

Staff requested authorization to replace attendance of one employee at the GFOA Conference with attendance to the Springbrook Conference in Portland Oregon. The Springbrook Conference expense is less; therefore there is sufficient budget for the request. The GFOA Conference was approved in the 2011 Budget.

Lift Station #5 Access Project – Change Order #1

During the construction of the District's Lift Station #5 Access Improvement Project three (3) issues surfaced that needed to be addressed :

- Meter and emergency bypass vault size.
- Removal of large logs during excavation to install sewer main.
- Replacement of electrical vault lid.

Change Order #1 was prepared to address these issues at a total cost of \$12,618.87, plus extending the contract time by seven (7) days.

In accordance with Resolution 137-10, which authorizes the General Manager to approve change orders that cost less than \$20,000, Mr. Hammer approved Lift Station No. 5 Access Improvement Project Change Order #1.

By consensus, the Board ratified the General Managers decision to approve Change Order #1.

BUSINESS ITEMS

**RESERVOIR #2
RECOATING
PROJECT REQUEST
FOR ADDITIONAL
FUNDS**

Gray & Osborne (G&O) has requested an additional \$8,500 and five (5) additional days be added to the contract due to changed conditions. Mr. Hammer stated that the specifications provided a provision that would allow the tank to be painted in the winter with a climate control system in order to receive better bids when painters are not as busy as in summer months. Painting in the cooler temperatures and shorter daylight hours of winter takes longer. G&O hired a sub-consultant to inspector the surface preparation, applying the primer and two coats of paint. Pin holes and weld

deficiencies were identified that required extra time for the consultant and painter. Mr. Hammer stated he believes G&O's request is reasonable and should be approved.

Commissioner McGrath made a motion to increase G&O's construction management costs for the Reservoir #2 Recoating Project by \$8,500 for a total cost of \$42,100 and approve adding five (5) work days to the contract. Commissioner Thomasson seconded the motion. The motion passed unanimously.

***2011 WATER AND
WASTEWATER RATE
STUDY***

The District plans to have a rate study that would encompass service rates and general facility charges (GFC's) for all three utilities in 2011. Ms. Parks reported that FCS Group submitted a scope of work with a cost quote of \$54,000, which is within the budgeted amount. In addition to the rate study, FCS Group submitted Paine Field contract analysis and negotiation support in the scope of work in the amount of \$13,500. This amount was not budgeted, and actual negotiation support could be less or more than the estimated amount.

The project timeline has the rate study beginning late February to be completed mid-August, in time for 2012 budgeting. The Paine Field work is scheduled to be completed by mid-May.

Mr. Hammer stated Mr. Gordon Wilson will be the FCS Group Project Manager to work with the District.

Commissioner McGrath made a motion authorizing the General Manager to enter into a consulting services contract with FCS Group for an amount not to exceed \$67,500. Commissioner Caine seconded the motion. The motion passed unanimously.

***ONLINE BILL PAY &
BANKING SERVICES
REQUEST FOR
PROPOSALS***

Staff requested approval to prepare a Request for Proposals (RFP) for banks in the Mukilteo area to compare fees and services prior to starting online bill pay. The RFP will be reviewed by Mr. John Milne and Commissioner Rainville. Ms. Parks stated she would like to release the RFP by March 15, 2011 so a banking contract could be in place by June 1st and then online bill pay would follow.

By consensus the Board authorized staff to move forward with the proposal and to bring back the contract for Board consideration.

***APPROVAL OF CASH
RECEIPTING
EQUIPMENT
SOFTWARE
PURCHASE
RESOLUTION 197-11***

The purchase of a remittance processing system was approved in the 2011 Capital Budget. In compliance with Resolution 138-10 four written bids were solicited and received. Excluding sales tax and vendor estimated travel and shipping expense the bids were as follows:

Key Mark	\$87,040
RTL Corp	\$26,733
Technology Unlimited	\$14,005
Profit Stars	\$13,836

Per RCW 39.04.270, the evaluation criteria are based on not only price but functionality, technology and implementation. Staff considered all bids, including ongoing annual maintenance. Profit Star's annual software maintenance is \$2,140, while Technology Unlimited Inc. (TUI) annual software maintenance is \$850, with that price agreed for at least three years. Ms. Parks stated that based on evaluation criteria, staff believes that TUI is the most qualified bidder. Mr. Milne reviewed TUI's Master Agreement and prepared Resolution 179-11 for Board consideration.

Commissioner McGrath made a motion to approve Resolution 179-11, authorizing the procurement of a remittance processing system, and authorizing the General Manager to sign the TUI Master Agreement and Schedule #1 for an amount not to exceed \$14,005.00 plus travel expenses and sales tax. Commissioner Johnson seconded the motion. The motion passed unanimously.

***WWTP DIGESTER
UPGRADE REPORT***

Mr. Gil Bridges reported on the digester upgrade project at the Wastewater Treatment Plant. He stated that the predesign report from G&O recommended a 50 HP blower for cell #2. Staff has concerns that there would not be sufficient air supplied. The digester aeration has been updated twice and still does not have enough aeration capacity. Staff is recommending that a 75 HP blower be utilized. The difference in construction cost for the 75 HP blower would be \$34,200. The 20-year life cycle cost comparison between the 50HP and 75 HP is \$37,000. Staff plans to keep one blower core for each size of blower in inventory for back-up reliability. A meeting is scheduled with G&O on February 23rd to discuss mechanical and structural issues. Staff will keep the Board advised as more information becomes available.

Discussion was held.

***JAPANESE GULCH
WATER MAIN
RELOCATION
PROJECT***

The City of Mukilteo has a project scheduled for the spring of 2011 to relocate the stream in Japanese Gulch to improve fish passage through the gulch. The District has an 8-inch water main along the unimproved Baker Avenue that parallels the existing streambed. The City's relocation of the stream will require two crossings of the existing water main. The crossings require the water main to be lowered in two locations to provide adequate cover over the main. Mr. Kevin English reported to the Board that District staff plans to perform the work and a preliminary cost estimate for materials is \$6,500. Since the cost is estimated to be over the \$5,000 limit and the project was not included in the 2011 Budget the Board's approval is required to proceed with the project.

Discussion was held.

Commissioner Caine made a motion to authorize staff to proceed with the purchase and installation of materials required to lower the water main in Baker Avenue in two locations to accommodate the City of Mukilteo's fish passage project. Commissioner McGrath seconded the motion. The motion passed unanimously.

***WASWD BYLAWS
INFORMATION***

Commissioner Bob Brady, from Sammamish Plateau Water and Sewer District, contacted Mr. Hammer requesting support from Mukilteo Water and Wastewater District in their effort to have the Washington Association of Sewer and Water District's (WASWD) Bylaw 6A changed. Article 6A. GENERAL MANAGEMENT, states that the business and affairs of the Association shall be managed and all powers shall be exercised by or under the direction of the Board of Directors. Sammamish would like to change the 'Board of Directors' to 'Executive Director'.

Commissioner Thomasson made a motion directing the General Manager to draft a letter to WASWD to request changing Bylaw 6A from Board of Directors to Executive Director for the President of the Board to sign. Commissioner McGrath seconded the motion. The motion passed unanimously.

***WASWD HRA VEBA
INFORMATION***

In the WASWD's Executive Director, Mr. Scott McKinnie's February 4th Bi-Weekly Newsletter he discussed the Health Reimbursement Arrangements (HRA), the Voluntary Employee's Beneficiary Association (VEBA) in regards to the Internal Revenue Service (IRS) ruling that causes participants to lose earned benefits if they die without a spouse or dependent. He stated a technical fix is necessary to include plans established by special districts. WASWD asked district's to send a letter and supporting documents to the delegation.

Discussion was held.

By consensus the Board of Commissioners directed the General Manager to draft a letter from the District that will be signed by all Commissioners on behalf of the employees.

OTHER BUSINESS

Staff provided a memo regarding Mr. George Acholonu's account. Mr. Acholonu attended the last Board Meeting and talked with the Board. Staff has not received a written statement from Mr. Acholonu or any other communication. The Board thanked staff for the good report.

ENGINEERING REPORTS

Mr. Eric Delfel reported that tomorrow, February 17th, the formal commissioning of the Harbour Pointe Master Meter will be held.

Mr. Delfel stated that Gray & Osborne will be hosting a dinner for their clients at the WASWD Fall Conference in Kennewick; Mukilteo Water and Wastewater District's Board of Commissioners and staff attending the conference are invited.

MANAGEMENT REPORTS

Mr. Hammer discussed transferring ownership of certain assets in Big Gulch to the City of Mukilteo like the board walks, storm water facilities, some bridges, etc., to reduce District liability while easements are being negotiated from the City. He will need to discuss this further with Mr. Spitzer to make sure it complies with the District's bond resolution. By

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consensus the Board agreed to transfer certain assets in Big Gulch to the City of Mukilteo if authorized by the District's bond resolution. The District would obtain a hold harmless from the City.

At the March 2nd Meeting there will be an Outfall Predesign Update and at the March 16th Meeting there will be a Wastewater Comprehensive Plan briefing.

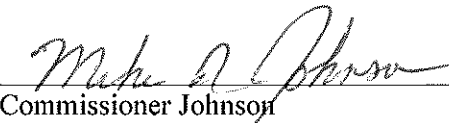
The Winter-Spring 2011 District Newsletter was in the agenda packets for Board review and will be mailed out with the next two billing cycles.

CONCLUDED

There being no further business the President of the Board concluded the meeting at 8:18 PM.



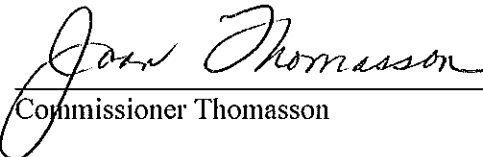
President/Commissioner Rainville



Commissioner Johnson



Vice-President/Commissioner Caine



Commissioner Thomasson



Secretary/Commissioner McGrath