

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

Minutes of January 27, 2010

The January 27, 2010 Special Meeting of the Board of Commissioners was called to order at 7:00 PM in the District office as advertised.

PRESENT

Commissioners -- Ed Caine, Mike Johnson, Thomas McGrath,
Thomas Rainville and Joan Thomasson
Engineers – Mike Jauhola, and Tom Zerkel
Staff -- Dan Hammer, Sue Parks, Gil Bridges, Rick Matthews, and Joann King

***APPROVAL OF
AGENDA***

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

BUSINESS ITEMS

***Review and Discuss
Remaining Capital
Budget Items***

Mr. Hammer stated there had been 13 items in the 2010 Capital Budget for which the Commissioners had requested additional information or clarification. Each had been pulled aside with their original item numbers for this purpose as shown below. Upon completion of the following discussion, Commissioner Caine made a motion to approve the 13 Items which then finalizes the entire 2010 Capital Budget as presented to the Board on December 2, 2009. Commissioner McGrath seconded the motion. The motion passed unanimously.

***Budget Item #6:
Annual Telemetry
Upgrades***

Commissioner Johnson requested Staff to continue to look into combining the Districts' telemetry systems which are two separate systems originating from the Mukilteo Water District and Olympus Terrace Sewer District. The Board of Commissioners approved the budget item as presented with the provided additional clarification.

***Budget Item #16:
Annual Service Meter
Replacement Program***

Commissioner McGrath inquired as to why this is a capital item. Mr. Hammer explained that meters are considered assets which are funded from the capital fund and are depreciated over the life of the meter. Discussion followed. The Board of Commissioners approved the budget item as presented with the provided additional information.

***Budget Item #17:
Radio Read
Installation***

Commissioner Caine mentioned he had questions about this item as it relates to Budget Item Number 33; Automatic Meter Reading (AMR) Study. He stated concerns that the installation may be locking the District into a specific system before the AMR Study is completed. Commissioner Johnson asked if there was a time frame for the AMR Study. Mr. Hammer stated it would be later in the year. It was suggested to complete the Automatic Meter Reading Study before installing the encoder registers.

Commissioner McGrath asked if the District could sell the registers if it is determined to go with a system which is incompatible. Mr. Hammer explained that would be unlikely because most Districts in the area use cubic foot meters and the MWWD uses gallon meters. Mr. Hammer explained these are registers which are attached onto the existing meters.

BOARD OF COMMISSIONERS MEETING

January 27, 2010

Page 2

Mr. Jahoula of Gray & Osborne explained most Districts have a combination of fixed network meters and mobile read meters, and that the study is to determine which would be appropriate in each area of the District. The study would take approximately 2 -3 months. Commissioner Caine asked if the registers are interchangeable with other systems. Mr. Hammer stated the encoder registers mentioned can be read by several different AMR Systems. Commissioner Caine stated he was satisfied with the additional information.

Commissioner Thomasson asked how long it would take Staff to install the new registers. Mr. Hammer estimated approximately 10 to 15 per day until finished. Commissioner Rainville clarified that this discussion covered questions regarding both Budget Item #17 and Item #33. The Board of Commissioners approved the budget items as presented with the provided additional information.

Budget Item #21: Solar System for Administration Building

Mr. Hammer spoke about the demand and costs for electricity used by the District. He stated Mr. Matthews had been researching the details of the project, which included meeting with the Snohomish County Public Utility District regarding the State Renewable Energy Production Incentive. Discussion took place regarding the solar system life expectancy, warranties, and expected pay back of the system. Ms. Parks provided a hand out with the estimated recovery period shown to be approximately eighteen (18) years. Mr. Matthews explained the manufacturer's warranty is for 20 years, and the life expectancy is much higher than that.

Commissioner Rainville asked Mr. Hammer if the project had to be done this year. Mr. Hammer answered no, however, a project of this sort shows the District is concerned about using less energy and saving money. Commissioners approved the budget item as presented with the provided additional information.

Budget Items #22, #23, and #24: Central Cash Mgmt/Point of Sale Software; Spreadsheet Server Maintenance Software; Remittance Processing System

Commissioner Caine asked Ms. Parks about the man hour savings these systems would have. Ms. Parks responded that most is software upgrade, and the annual fee for the module. Items #22 and 24 are more internal control aids and not necessarily man hour savers. However, Item #23 is a large man hour saver. Commissioner McGrath stated that he had gotten the impression from prior conversations that Springbrook had many issues. Ms. Parks explained that no system is perfect but it was a good system. The Board of Commissioners approved the budget item as presented with the provided additional clarification.

Budget Item #26: Vehicle Replacement

Commissioner Caine stated the additional information provided was sufficient to answer his questions regarding the budget item. Commissioner Johnson asked if the District had only gas powered pickup trucks. Mr. Hammer explained that most were, but that the larger vehicles are diesel powered. The Board of Commissioners approved the budget item as presented with the provided additional information.

BOARD OF COMMISSIONERS MEETING

January 27, 2010

Page 3

***Budget Item #29:
Water/Wastewater
Mapping***

Commissioner Caine stated he believes the District should get away from paper maps. Mr. Hammer explained that the District did not have the Cartograph system until recently, and the electronic mapping from OTSD was produced in CAD. Commissioner Caine encouraged staff to look into digitizing the maps. The Board of Commissioners approved the budget item as presented with the provided additional clarification.

***Budget Item #30:
Water/Wastewater
O&M Manual Updates***

Commissioner Caine stated the additional information provided was sufficient to answer his questions regarding the budget item. The Board of Commissioners approved the budget item as presented with the provided additional information.

***Budget Item #31:
SCADA Master Plan***

Commissioner Johnson stated the additional information provided was sufficient to answer his questions regarding the budget item. The Board of Commissioners approved the budget item as presented with the provided additional information.

***Budget Item #33:
Automatic Meter
Reading (AMR) Study***

This Item was discussed and approved during discussion regarding Item #17. It was suggested to complete this study before installing the encoder registers discussed in item #17.

***Budget Item #34:
Consolidated Security
Assessment Report***

Mr. Matthews explained the District will attempt to hire the same engineering firm that prepared the April 24, 2007 Security Assessment Report to add the wastewater facilities to the current security assessment. The Board of Commissioners approved the budget item as presented with the provided additional clarification.

***Engineering Contracts
for District Capital
Projects***

Mr. Hammer explained the Mukilteo Water and Wastewater District (MWWD) had gone through the engineering firm selection process in 2008, which led to a recommendation of Gray & Osborne, Inc. (G&O). Mr. Hammer reported that the Districts' attorney John Milne had said the District could go through the selection process, but cannot hire an engineering firm for this purpose based on cost alone.

Commissioner Caine stated that for routine engineering needs the on-call firm is preferred, but for projects the on-call engineers should be the second set of eyes, and not the primary engineering firm for everything. He expressed the belief that familiarity breed's comfort and complacency. He commented different firms have different solutions to problems.

Commissioner Johnson stated he understood the thinking, however, the Districts' projects are small in nature and the money to be made may not prompt high quality firms to bid the projects. He commented that perhaps for projects such as comprehensive plans or large complicated projects that may be the best thing to do. However, the time it would take staff to bring an unfamiliar firm up to speed with the Districts' policies and goals on most projects could make it difficult and not cost effective.

Commissioner Rainville asked if there was an approximate project cost that would require a second engineering firm review. Commissioner Johnson expressed his hope that G&O would recommend a review when they don't have the expertise needed for a specific project.

Mr. Zerkel of Gray & Osborne, Inc. stated he believes the relationship between MWWD and G&O, which began in 1962, has been a mutual investment in both entities. He commented that G&O manages a project in a manner which doesn't allow it to become bigger than it is. He agreed peer reviews are good on very complex projects. Mr. Jahoula stated that at 10%, 50% and 90% completion of a project G&O has QAQC meetings with other principles of the firm, at which Commissioners and staff are welcome.

Commissioner Caine explained he had no problem with G&O, and that he believes they had done a good job. Mr. Hammer stated Staff is involved in project design, provides input and proposes questions because operators need to be involved. Commissioner Rainville stated he was satisfied with the work G&O was providing. With opinions stated and concerns addressed the item was closed.

***Budget Format for
2011 Budget***

Commissioner Rainville stated in his opinion the Operations and Maintenance (O&M) Budget document for 2010 had too much detail. He would like an explanation of big changes from prior years in percentages and dollars only. He views an O&M Budget as a guideline, not a document that has to be detailed too specifically. Ms. Parks explained that before the merger, OTSD had a much different type of budget document. The format had more dialog, not so many numbers for discussion. She offered to provide a copy of the OTSD budget for the Commissioners' review of design and layout.

Commissioner Thomasson had brought a copy of a budget document used at her place of employment for Ms. Parks to review for ideas as well, which is laid out by categories and groups of expenses.

Commissioner Caine was unclear of why the funding for items needed to be split between the three utilities; Water, Westside Wastewater, and Eastside Wastewater and asked about salaries shown broken down by utility, it was explained it shows how costs are assigned. Commissioner McGrath stated staff needs detail to manage the District. Would also like to see an Administration category added to the budget document. Commissioner Johnson commented that the budget needs to show some detail in order to justify needed rate increases.

Commissioner Thomasson stated she would like to have different items shown and information separated by revenue and expenses for Water, Westside Wastewater, Eastside Wastewater, and Wastewater Treatment. Commissioner Caine mentioned he likes to see numbers from several previous years, which would show trends. Commissioner McGrath

expressed interest in seeing a mid-year report to see how the District is doing. It was mentioned that would be a lot of extra work for staff. Ms. Parks stated she would look at the budget provided by Commissioner Thomasson, and review the Olympus Terrace Sewer District past budget document, and consider the comments and requests made by the Board. She will develop a draft document and present it to the Board to look at in June or July 2010.

Other Business

Commissioner Rainville stated if Commissioners have concerns that haven't been attended to they need to let staff know what the concerns are.

Commissioner Rainville also stated at times staff has had to add items to the agenda, and this "other business" item can be used for that purpose.

Commissioner Rainville then commented there is a bill proposed on legislative floor regarding how long things such as minutes and agendas need to be posted on a website. Discussion took place and it was mentioned that anytime a Board Meeting date is changed from the standard 1st and 3rd Wednesday of each month, even if that change is known at the beginning of the year, it then becomes a special meeting. This means it must be advertised as such.

Commissioner McGrath asked what is included in the transfer of sewer and water facilities to the City of Everett in August of 2010. Mr. Matthews produced a map from the Comprehensive Plan to show the area and Mr. Hammer explained the process.

Commissioner Caine stated there will be three (3) WASWD Finance Meetings coming up. They will be held the second Fridays of March, April and May at the WASWD Facility.

***ADDITIONAL
REPORTS***

Engineering Reports

Mr. Jahoula stated the Water Comprehensive Plan was approved by the Department of Health.

Mr. Jahoula also commented that John Wilson of G&O is working with the Chief Wastewater Engineer at City of Everett Public Works Department to arrange a tour of the Everett Wastewater Treatment Facility sometime in February to provide information regarding their Capital Improvement Plan.

Management Reports

There were no Management reports.

BOARD OF COMMISSIONERS MEETING

January 27, 2010

Page 6

Commissioner Reports

Commissioner Thomasson asked if the District was holding a staff dinner this year. Mr. Hammer stated yes, and the Mary Merriam was handling the preparations for that event. Ms. Parks commented no date had been chosen as of yet.


Commissioner Thomasson asked if staff had plans for announcing the District's 90th Anniversary. Ms. Parks stated Staff was working on low cost ideas for getting the word out, and would bring them to the Board soon.

ADJOURN

There being no further business the President of the Board concluded the meeting at 8:32 PM.



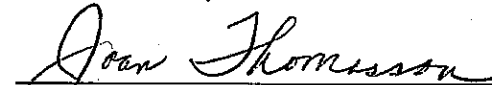
President/Commissioner Rainville



Commissioner Johnson



Vice-President/Commissioner Caine



Commissioner Thomasson



Secretary/Commissioner McGrath