

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

Minutes of February 3, 2010

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The February 3, 2010 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 – Mike Jauhola, Eric Delfel, Tom Zerkel  
Consultant – Ashley Emery of Peninsula Financial Consulting  
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 McGrath seconded the motion. The motion passed unanimously.

***MINUTES  
APPROVED***

Commissioner Johnson made a motion to approve the Minutes as presented from the January 20, 2010 Board Meeting. Commissioner Thomasson seconded the motion. The motion passed unanimously.

***CONSENT AGENDA***

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

***Regular Payroll***

Regular Payroll for January 2010 in the amount of \$ 139,954.24 was approved.

***Vouchers***

Water Maintenance Fund (741-5408666)  
In the amount of \$ 64,009.42.

Water Capital Improvement Fund (741-5458666)  
In the amount of \$ 8,885.06.

Wastewater PWTF Fund (741-58558666)  
In the amount of \$ 41,425.34.

Wastewater Maintenance Fund (741-58408666)  
In the amount of \$ 37,116.21.

Wastewater Capital Improvement Fund (741-58468666)  
In the amount of \$ 5,361.39.

East Wastewater Maintenance Fund (741-59418666)  
In the amount of \$ 81,920.16.

East Wastewater Capital Improvement Fund (741-59528666)  
In the amount of \$368.98.

***Delinquent Accounts***

The Board reviewed the accounts listed as being delinquent and authorized staff to collect, disconnect or file a lien on accounts listed as delinquent in accordance with the District's policy.

**Authorize Benson and McLaughlin to Prepare 2009 Financials**

The Board of Commissioners authorized the General Manager to sign the engagement letter with Benson and McLaughlin for preparation of the District's 2009 Financial Statements.

**Authorize Employee Training**

The Board reviewed the request for three field employees to attend the WOW conference in Wenatchee, WA March 23<sup>rd</sup> through 25<sup>th</sup>, 2010. Commissioner Thomasson asked how many District Staff members are certified. Mr. Matthews stated there are 17. He added that maintenance or field Staff will generally obtain CEU's at the WOW conference and other District Staff will obtain their CEU's at the NIMS training. Commissioner Thomasson asked if there were only 3 field personnel going to the conference, and no treatment plant employees. Mr. Bridges stated he had sent 2 treatment plant staff to the conference last year. The Board authorized the field Staff to attend the conference.

**BUSINESS ITEMS**

**City of Mukilteo Request for Sewer Credit Adjustment**

Mr. Hammer explained that the City of Mukilteo had neglected to install the irrigation deduct meter once they had gotten to the point of reconnecting to the water system for the Lighthouse Park. Mr. Hammer also discussed that the District had back billed the City when it became apparent they had neglected to inform the District they had reconnected the park after disconnecting from the sewer system in 2007. Mr. Hammer stated he felt it was reasonable for the City to request the adjustment due to the fact that the flow was used by the irrigation system and didn't enter the sewer system.

District Staff had reviewed the Lighthouse Park service account and determined an average use over four years during the usual months of non-irrigation to be 59,000 gallons. Staff then calculated the amount over average the account had been billed during those months in 2009 to determine the excess consumption and therefore an adjustment dollar amount of \$3,933.40. Commissioner Thomasson asked if there was a base fee for sewer or a re-connection fee when someone disconnects for construction purposes. Mr. Hammer answered there is not.

Commissioner Caine expressed his understanding of past poor relations between the District and the City of Mukilteo Staff. However, he did not see that they have done anything warranting, nor have they provided evidence that they qualify for, an adjustment within the 2 year adjustment policy period. Discussion of prior and current Staff relations between the entities took place.

Commissioner Caine stated he views this as giving a reduction in fees to the City and does not believe it is appropriate. Commissioner Rainville stated the prior adjustment was not a reduction in fees. Commissioner Rainville asked if the topic discussion was complete and asked for a

motion. Commissioner Caine made the motion to approve the sewer credit adjustment as presented. Commissioner Johnson seconded the motion. The motion passed by a vote of 4 in favor and 1 opposed, with Commissioner Caine casting the dissenting vote.

**AWWD Intertie Pre-design Report**

Mr. Hammer introduced Eric Delfel of Gray & Osborne, Inc. who then made a presentation to the Board. Commissioner Johnson asked about security for the vaults and switches. Mr. Hammer stated it was addressed in the published report. Mr. Matthews commented the District may be able to construct a fence around them, or have them within an already fenced area. Mr. Delfel mentioned a parallel and adjoining easement the District has there already. Commissioner Johnson stated he hopes the City will work with the District on this.

Commissioner Caine asked if a 100kw generator is large enough to run a possible third pump. Mr. Delfel stated only 2 pumps would be running on standby power. Commissioner Johnson asked if there was adequate power at the site to power the pumps and if there would be credits for variable frequency drives. Mr. Delfel said he would need to check on these items. The system will be set up for a future 3<sup>rd</sup> pump but the piping would not be installed at this time.

Commissioner Johnson asked about the skylights as shown in the design. Mr. Hammer had requested it because of the use of natural light. It was mentioned to be a possible security issue and to look at design modifications regarding them. Other items discussed were upgrading the fencing around the reservoir, a chlorine analyzer at the Harbour Point connection so the District can determine what is coming into the system and telemetry on the generator.

Commissioner McGrath asked about the contract costs, including contingency as 20% of construction cost, and engineering/administration as 30%. Mr. Delfel explained it's presented that way for budgeting and planning purposes. The contingency in regard to possible design and scope changes was discussed. Commissioner Rainville asked if the savings of receiving water from Alderwood is lost based on the estimated cost of the project, and what the recovery cost is estimated to be. Mr. Delfel stated based on 2004/2005 rates the recovery was estimated to be 25 years. He added that the Paine Field portion of the project is necessary to meet other goals of the District. Mr. Matthews added those studies didn't include the \$2,500.00 per meter charge that will be paid to Everett in 2011.

Commissioner Johnson mentioned he thought it would be beneficial for the District to look into possibly expanding the site footprint.

Mr. Hammer asked the Board to give direction to Mr. Delfel regarding the AWWD Intertie Pre-design Report. Commissioner Caine made a motion to proceed with the design as proposed in the pre-design report. Commissioner Rainville seconded the motion. The motion passed unanimously.

*Westside Sewer Rate Analysis Presentation*

Mr. Hammer introduced Ashley Emery of Peninsula Financial Consulting who then went through his PowerPoint presentation. Mr. Emery explained the presentation was in regard to the commercial rates and the District's lone contract customer, Snohomish County Airport, Paine Field. Mr. Emery proposed a base rate for sewer starting at approximately \$30.00 to minimize rate fluctuation rather than increasing the per gallon charge that can cause rate instability. He stated he was looking for input from the Board before final conclusions are made. Mr. Emery stated he had a uniform set of rate methodologies for all customers including commercial customers and Paine Field. However, because of the reserve capacity portion of the Paine Field sewer contract there is an additional component in the proposed rates for Paine Field. Mr. Bridges asked if depreciation is based on original cost. Mr. Emery answered yes, not based on future costs, but there is an impact for improvements. Mr. Emery explained the debt payment is higher than depreciation causing an imbalance. Discussion of what Paine Field is paying now per year for sewer verses what they would be paying if the District adopts the proposed rate structure took place. Mr. Emery stated the need for guidance from the Board regarding capital funding of reserves. Discussion of computing rates for high strength wastewater due to treatment and complexity of testing took place. Mr. Emery stated that he felt the current strength calculation is legally defensible. He stated the proposed rate structure would get the District through the next two years and the Big Gulch project.

Commissioner Caine stated that OTSD had developed a 6 year plan before the merger which forecasted a 15% increase per year. The rate increases the District has been implementing the past few years have been lower than the OTSD projected increases. He suggested the District look at implementing the recommended 2010 increase and possibly increasing rates by 7% to 10% in 2011. Mr. Emery explained in other Districts the wholesale industrial rates are much the same as the proposed rate structure.

Commissioner Johnson asked if Paine Field paid connection charges when the system was built. Ms. Parks explained they pay when they develop only. Commissioner Johnson mentioned the calculations need to include the Kilo 6, Hilton Garden Inn, and the National Flight Interpretive Center. Commissioner Johnson asked if Snohomish County Airport, Paine Field could get their service from the City of Everett. Mr. Hammer stated they would have to give one year notice. Mr. Matthews stated Paine Field is aware that it is estimated over 50% of their flow is I&I. Mr. Emery asked if there is any benefit to having that capacity available. Mr. Emery suggested multi-year rate increases for consistency and certainty.

Commissioner McGrath began discussion of single family and multifamily residences paying a base plus flow rate for sewer service as well as the water service. Mr. Emery explained the pros and cons, yet

stated both ways are done. Ratepayers could then lower their billing with conservation methods, which could cause fluctuation in District revenue. Mr. Emery stated he needs direction from the Board on the reserve capacity desired in order to complete the calculations. Mr. Hammer stated the District is suggesting March 3, 2010 for the rate hearing, with the new rates going into affect April 1, 2010. The Board directed Staff to determine what the City of Everett charges Boeing for sewer service. Staff was also directed to discuss the proposed new rate structure with Paine Field to determine if they will ask to re-negotiate their contract with the District.

#### **Status Report Big Gulch**

Mr. Hammer reported that the contractor has completed final paving of the treatment plant road and 101<sup>st</sup> St cul-de-sac. The engineers will check if punch-list items are completed and the manholes seem to be in proper condition. A meeting is scheduled with the contractor to discuss stabilizing the slide area at staging area #1. Some erosion is being seen in Segment #1 that may need to be addressed in the summer. Segment #4 plans are marked up and specs have been given to HCWL. Revisions will be made and the job will go to bid. Mr. Hammer has received a draft amended EIS and can forward a copy to interested Commissioners. Mr. Hammer is expecting HCWL to request a supplement to their contract for Construction Management Services soon.

#### **ADDITIONAL REPORTS**

#### **Engineering**

Mr. Delfel asked if any Commissioners or Staff were interested in attending a tour of the Everett Water Pollution Control Facility he is coordinating. No Commissioners were interested in taking the tour.

#### **Management**

Mr. Hammer reported that the City of Mukilteo, Mukilteo Lane Project bid opening occurred on February 2, 2010. There were 24 bidders. A copy of the bid tally sheet was presented to the Board. Water main installation bids ranged from a low of \$30,818 to a high of \$54,990. The City is performing responsibility checks on the low bidders. The District has 10 days to approve or reject going forward with the contract. The District's 2010 Budget includes \$148,200 for this project. Mr. Hammer will go forward with his prior authorization from the Board to authorize the City to include the District work in the contract unless directed otherwise by the Board at this time. Commissioner Thomasson made a motion to authorize the General Manager to approve the District's water main work as part of the City's Mukilteo Lane Project. Commissioner Johnson seconded the motion. The motion passed unanimously.

Commissioners


Commissioner Caine mentioned the next WASWD Finance Meeting would be held on February 12<sup>th</sup>, 2010, and he will report on it at the Board meeting on February 17, 2010.

Commissioner Johnson commented on the WASWD Strategic Plan making statements about Mukilteo creating a storm water utility within a utility. He stated his frustration at WASWD for including language in their documents without discussing it with the MWWD Board of Commissioners, or Mr. Hammer.


**ADJOURN**

There being no further business the President of the Board concluded the meeting at 9:48 PM.

  
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President/Commissioner Rainville

  
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Commissioner Johnson

  
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Vice-President/Commissioner Caine

  
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Commissioner Thomasson

  
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Secretary/Commissioner McGrath