

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

Minutes of March 11, 2009

The March 11, 2009 Meeting of the Board of Commissioners was called to order at 7:00 PM in the District office as advertised.

PRESENT

Commissioners -- Dick Andrews, Ed Caine, Mike Johnson, Thomas McGrath, Thomas Rainville and Joan Thomasson
Staff -- Dan Hammer Sue Parks, Gil Bridges and Mary Merriam

***APPROVAL OF
AGENDA***

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

***2009 BUDGET
REVIEW***

Mr. Hammer gave an overview of the 2008 accomplishments of the District and the proposed 2009 budget highlights. Costs are proposed to decrease 4.2% over the approved 2008 Budget. The 2009 Budget includes a 3.4% cost of living increase for employees.

Discussion was held on the Capital Budget.

Commissioner Caine made a motion to approve the 2009 Capital Budget. Commissioner Thomasson seconded the motion. The motion passed unanimously.

Discussion was held regarding the Operations and Maintenance Budget.

Commissioner Andrews stated that he wrote a letter to the Board of Commissioners addressing the amount of VEBA each Commissioner receives monthly. He believes the compensation received for each meeting attended should be adequate compensation and that the VEBA is an excessive benefit. Commissioner Andrews read his letter and asked that it be attached to the minutes.

Mr. Hammer stated that no current Commissioner was a Board member when the insurance benefit was voted in.

Commissioner Thomasson stated some District's compensate Commissioners for reviewing their packets and she believes Commissioners spend a lot of personal time reviewing agendas and dealing with District business.

Commissioner Caine commented on the amount also spent on conferences.

Commissioner Johnson agreed with Commissioner Thomasson's comments and stated that the District was in-line with the standard of the industry. Also time is spent keeping up with county and city activities to be an informed Commissioner.

Commissioner Rainville agreed that a lot of time is spent reviewing packets.

Commissioner Andrews stated that the perception and principle of this benefit creates personal concerns as a rate payer and a representative of the voters who elected him.

Commissioner McGrath agreed with Commissioner Andrews and stated maybe the amount should be less.

Commissioner Andrews made a motion to eliminate the Board of Commissioners medical saving VEBA benefit. Commissioner McGrath seconded the motion. The motion failed with Commissioner's Andrews and McGrath voting for the motion and Commissioner's Johnson, Rainville, Caine and Thomasson voting against the motion.

Discussion was held regarding the employee benefits and wage recommendation portion of the budget. Draft job descriptions will be included with wage recommendations at the next regular meeting.

Three areas of benefits where the District's policies are significantly different than other survey respondents included:

- Educational Incentive Pay
- Deferred Compensation District Match
- Tuition Reimbursement

Discussion was held regarding these topics.

Commissioner Caine made a motion to eliminate the educational incentive pay effective December 31, 2009. Commissioner Andrews seconded the motion. The motion passed unanimously.

Commissioner Caine made a motion to authorize the General Manager to stop the deferred compensation district match effective December 31, 2009. Commissioner Andrews seconded the motion. The motion passed with five (5) votes for the motion. Commissioner Thomasson voted against the motion.

Commissioner Thomasson made a motion to reduce the amount of the tuition reimbursement policy to be more in line with other agencies surveyed. Discussion was held and the motion died for lack of a second. The tuition reimbursement policy will remain as currently stated.

Commissioner Caine stated he does not believe the operations and maintenance budget can be approved without the completion of the rate study and salaries established. Discussion was held regarding the amounts used in the budget and that it is a working document and amounts could be adjusted.

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Commissioner McGrath made a motion to approve the 2009 Operations and Maintenance Budget subject to adjustments once the rate study and wages are established. Commissioner Thomasson seconded the motion. The motion passed with five (5) yes votes. Commissioner Caine voted against the motion.

Commissioner McGrath asked when the public would be alerted that rates will be increased. Discussion was held. It was determined that notification would be made once the rate study and public hearing are completed.

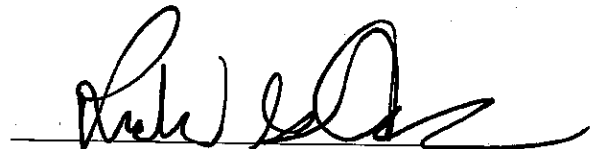
Commissioner Caine stated at the last meeting he questions the High Effluent TSS Contract Scope of Work with Gray & Osborne and no analysis was presented at this meeting. Mr. Hammer stated that he planned to respond at the next regular meeting as this meeting was for budget review only.

ADJOURN

There being no further business the President of the Board adjourned the meeting at 8:55 PM.



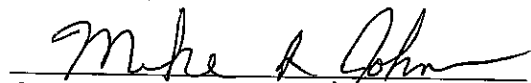
President/Commissioner Rainville



Commissioner Andrews




Vice-President/Commissioner Caine



Commissioner Johnson



Secretary/Commissioner McGrath



Commissioner Thomasson

3/11/09

To: Mukilteo Water District Board of Commissioners

From: Commissioner Richard Andrews

As we enter this review of the budget I am addressing my personal concerns as a rate payer and a representative of the voters that elected me to this office.

In all due respect I am asking that we have a discussion on the HRAVEBA benefits that we receive as Commissioners...

I am addressing my concerns to the Board as I question why we are receiving health benefits. As a Board we attend approximately 24 regular board meetings a year averaging about 2 hours per meeting. We also attend some special meetings like this budget meeting that we are attending this evening. It should be noted that we receive approximately \$90.00 to \$100 per each meeting we attend, which in my opinion is sufficient payment for our time.

When you look at this budget you will see that the cost of health insurance for the commissioners is approximately \$86,400.00 for the coming year. I find it difficult to look at the rate payers and expect them to pay the Commissioners \$86,440.00 dollars for approximately 288 hours of their time. If I do my math correctly that accounts to about \$300.00 an hour for our time.

I am requesting that this be brought up in the meeting for discussion. In addition I plan to make a motion for the Board to strike this from the budget.

I don't have anything against the Board or the people that voted this benefit into existence. I do although feel that in representation of the rate payers that elected me that I need in good conscious to represent them in recognizing what I would consider excessive benefits.

A handwritten signature in black ink, appearing to read 'Richard Andrews', with a long horizontal flourish extending to the right.