

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

Minutes of April 7, 2010

The April 7, 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,
and Joan Thomasson

Attorney – John Milne

Engineer – Tom Zurkel, Harry Sellers, and Chad Newton

Staff -- Dan Hammer, Sue Parks, Gil Bridges and Joann King

Audience – Arif Kanji, Investment Manager from Snohomish County

Commissioner Thomasson made a motion to excuse Commissioner Rainville's absence. Commissioner Johnson seconded the motion, which was approved unanimously.

***APPROVAL OF
AGENDA***

Mr. Hammer pointed out the agenda had been revised by removing item number eleven, Request Authorization to Proceed with Water Meter Purchase, and adding a Big Gulch Segment #1 report to Item #10. Commissioner Caine made a motion to approve the Agenda as revised. Commissioner Johnson seconded the motion. The motion passed unanimously.

***MINUTES
APPROVED***

Commissioner Johnson made a motion to accept the Minutes from the March 17, 2010 Board Meeting. Commissioner Thomasson seconded the motion. The motion passed with three votes. Commissioner Caine abstained from the vote because he did not attend the March 17th meeting.

CONSENT AGENDA

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

Regular Payroll

Regular Payroll for March 2010 in the amount of \$136,937.63 was approved.

Vouchers

Water Maintenance Fund (741-5408666)

Beginning with 0001913 through 0001920 in the amount of \$25,806.95.

Water Maintenance Fund (741-5408666)

Beginning with 0001922 in the amount of \$3,386.25.

Water Maintenance Fund (741-5408666)

Beginning with 0001923 through 0001951 in the amount of \$33,636.99.

Water Maintenance Fund (741-5408666)

Beginning with 0001952 in the amount of \$589.60.

Water Capital Improvement Fund (741-5458666)

Beginning with 0001921 in the amount of \$2,610.74.

Wastewater P WTF Fund (741-58558666)

Beginning with 0001771 through 0001773 in the amount of \$17,124.66.

Wastewater Maintenance Fund (741-58408666)

Beginning with 0001774 through 0001793 in the amount of \$35,423.29.

Wastewater Capital Improvement Fund (741-58468666)

Beginning with 0001794 through 0001798 in the amount of \$11,028.51.

Wastewater Capital Improvement Fund (741-58468666)

Beginning with 0001799 in the amount of \$3,010.00.

East Wastewater Maintenance Fund (741-59418666)

Beginning with 0000249 through 0000251 in the amount of \$2,642.26.

East Wastewater Maintenance Fund (741-59418666)

Beginning with 0000252 in the amount of \$1,128.75.

East Wastewater Capital Improvement Fund (741-59528666)

Beginning with 0000248 in the amount of \$80.42.

Approve Proceeding with Purchases

The Board reviewed the Cash Receipts Program and Copy Machine/ Color Scanner purchase information. The Board made note the District is trading in one of the two copiers currently in use in the administrative office as part of the copy machine/color scanner purchase, relieving an asset. The Board authorized the General Manager to sign Addendum A for the purchase of Central Cash and Interface as a supplement to the Springbrook Software, Inc. Master Agreement for \$10,150.00, and the copy machine/color scanner purchase as stated.

Approve the February 2010 Investment Report.

The Board reviewed and approved the February 2010 Investment Report.

Approve General Manager's Request to Attend PNWS-AWWA Conference

The Board reviewed and approved the General Manager's request to attend the PNWS-AWWA Conference at a cost of \$295.00 per person, plus hotel, meals as needed, and transportation.

BUSINESS ITEMS

***Snohomish County
Investment Pool –
Presentation by Arif
Kanji***

Ms. Parks reported Snohomish County had contacted the District about joining the Snohomish County Investment Pool. Then introduced Arif Kanji, Investment Manager from Snohomish County, who was in attendance to speak to the Board regarding the Pool. Mr. Kanji handed out information packets to the Board of Commissioners. The County started their pool in March of 2006 and started out investing strictly with funds from within the County. In 2007 the County purchased new investment software to enhance their ability to invest and track pool funds. They worked out the bugs in the system, and in 2009 they began offering the pool to outside Districts.

Most MWWD monies are currently invested in the State Pool. The State Pool is has been performing at approximately .22%. The County Pool has historically outperformed the State Investment Pool. Mr. Kanji explained that the County invests in the same type of securities as the State Pool. The difference between the State and County Pools is that the County Pool can extend maturities a little longer than the State Pool. With the County Pool, the District would be able to lock investments for six months or a year, but also keep liquidity for possible emergencies.

Mr. Kanji also stated there will be a time when the State Pool provides a better rate of return because they are able to adjust quicker when the interest rate changes. It takes time for the County Pool to adjust because they invest for longer periods of time.

Commissioner Johnson asked who was in the Pool. Mr. Kanji stated the County, several fire districts, a school district and proposing to others. He stated there is \$220 million in the pool at this time.

Commissioner McGrath asked if the returns shown in the graph were stated before or after fees. Mr. Kanji reported it is after fees.

Discussion of fees followed. Mr. Kanji commented the County's fees are based on a percentage of invested funds, with a maximum of \$50 per month.

Commissioner McGrath asked about notice time for needed funds. Mr. Kanji replied a plan for known expenditures is recommended. However, if there were any emergencies, the County Pool would be able to provide needed funds. Commissioner Caine inquired as to the funding source. Mr. Kanji replied the cost to run the Pool is what they are able to charge the investors.

Commissioner Caine asked about the benefit to the County for

providing this service. Discussion followed. Mr. Milne stated there is a statute which gives the County authority to provide and manage the investment program.

Commissioner Caine noted the Board seemed positive toward the option at this time, and asked for further Commissioner comments. Commissioner Johnson stated he believed the Board should look to Commissioner Rainville for his input before making any recommendation regarding investment pools. The Board agreed and thanked Mr. Kanji for his presentation.

***Report on Five
Member Board –
John Milne***

The Board had previously been given a memo prepared by Mr. Milne regarding the question of whether the Board can remain a five member Board instead of a three member Board.

Mr. Milne in his report stated that due to Merger Statutes and the Merger Agreement between the Mukilteo Water District and Olympus Terrace Sewer District, the Board must get down to three members. However, once down to three members, the Board can then, by election or resolution create two more positions, appoint to them and present the positions open at the next general election. The Board can use the number of customers for which service is provided by the District as the determiner for the need of a five member Board. Commissioner Caine asked if the Board could create those positions at the first Board Meeting in which there are only three elected Board Members present. Mr. Milne confirmed that to be the case. The Board then thanked Mr. Milne for his report.

***WWTP Headworks
Pre-Design Report –
Gray & Osborne***

In 2006 the District's WWTP started exceeding our NPDES permit influent TSS & BOD limits. Gray & Osborne was hired to complete a WWTP Capacity Study. The Study recommended increasing grit removal at the plant's headworks, increasing oxidation ditch aeration capacity, and increasing sludge holding tank aeration capacity. The District has just completed upgrading the oxidation ditch aeration system, and is now looking toward the recommendations for increasing the grit removal process. Tom Zurkel from Gray & Osborne introduced Chad Newton from the firm, who proceeded with the Power Point presentation of the three alternatives for upgrades of the headworks at the Treatment Plant. The alternatives range in cost from \$2,978,600 to \$5,091,400. Optional elements provide additional costs. All of the alternatives recommend installing new inlet piping and an influent meter to record inlet flows.

Both the Engineers and Staff recommend the Head Cell Stacked Tray alternative. Mr. Newton stated the estimated life of the Head Cell Stacked Tray is 20 years. Discussion followed. It was explained that it is very important to remove grit at the beginning of the treatment

process so it can be taken to a landfill. If the District has to remove it further down the process, it becomes a bio-solid and the cost for disposal becomes much higher. The Head Cell Stacking Tray Grit Removal System has the capability to remove 20% more than the other two alternatives and has the least moving parts requiring maintenance and/or replacement. It is estimated the Head Cell Stacked Tray will remove three times the amount of grit the WWTP is currently removing. Another reason for the need to increase the grit removal is the potential for damage or decrease in performance of the aeration system recently installed. Also, the possibility of needing to clean the grit from the aeration basins more often, because of the new aeration system will be very labor intensive.

Discussion of costs and impacts of construction followed. Discussion turned toward the possible notification and approval requirements from the Department of Ecology (DOE). Mr. Newton stated an engineering report would need to be sent if the District wanted funding from the department. Mr. Hammer stated the District would send them the pre-design report and plans for the project. He also stated the upgrades to the plant fulfill the intentions laid out to DOE in a letter addressing the problem of the plant exceeding our NPDES permit influent TSS & BOD limits, which was sent in 2008.

Commissioner Caine asked for input from the Commissioners who have direct experience in the water and wastewater fields.

Commissioner Thomasson stated that, with all the information and from personal experience, she believes the Head Cell Stacked Tray is a great alternative because of its capability to remove grit, low maintenance needs, and ease of operation. Commissioner Johnson added that the Head Cell Stacked Tray minimizes risk in several areas. Commissioner McGrath asked about the painting needed at the plant. It had been determined the District would hold off on sections that aren't being worked on right now, because other things are going to be done and we don't want to have to do the same job twice. The Board recommended Staff look at what painting could feasibly be done during this phase of the upgrade and add it as an option for the painting contractor to bid on. The Board gave it's consensus for the General Manager to work with Gray & Osborne in developing a scope of engineering work for the engineers to develop plans, specifications, and project management for the Head Cell Stacked Tray Grit Removal alternative, and bring it back to the Board for approval.

***Resolution 147-10 -
Accept WWTP
Aeration Ditch "B"***

b:min.

Gray & Osborne Engineers and District Management are recommending the Aeration Ditch "B" Project be accepted as complete and start the 45 day retention period. The project was

Project as Complete

completed within budget. Commissioner Johnson made a motion to approve Resolution 147-10, accepting the WWTP Aeration System Modification Ditch "B" Project as complete and start the 45-day retention period. Commissioner McGrath seconded the motion. The motion passed unanimously.

Effluent Filter Offer to AWWD

The District's WWTP has had difficulty meeting the NPDES Permit effluent limits since 2006 when high TSS loadings were identified in the plant's influent. In the WWTP High Effluent TSS Evaluation performed by Gray & Osborne completed in February 2009, engineers recommended the District install an effluent filter to remove suspended solids. An effluent filter will produce a higher quality effluent on a continuous basis by reducing TSS and BOD from the effluent discharged Puget Sound. The Alderwood Water and Wastewater District (AWWD) is scheduled to surplus an effluent filter they installed in 2008, as part of their upgrading project. AWWD paid \$301,727 for the filter system and appurtenances. Gray & Osborne engineers have estimated the value of the filter to be \$134,269 plus tax. Staff has identified possible issues as:

- Filter will not have any warranty
- District will take risk that the filter could be damaged during removal and shipping to MWWD WWTP
- There are removal and delivery costs
- District operators will need training

The District has budgeted \$576,000 to purchase the filter and have it installed. Mr. Hammer stated he would like to have the AWWD contractors move the filter to the District's Treatment Plant. Mr. Hammer asked for authorization to negotiate to purchase the filter and delivery to MWWD WWTP, in a range of \$135,000 to \$170,000. Commissioner McGrath suggested Staff determine if AWWD would allow MWWD WWTP operators go to the AWWD plant to get the necessary operator training. Commissioner Thomasson made a motion to authorize Staff to enter into negotiation for the filter within the range of \$100,000 to \$170,000. Commissioner McGrath seconded the motion. Commissioner Johnson abstained from the vote because he works for Alderwood Water and Wastewater District. The motion passed with 3 votes, which constitutes a majority.

Big Gulch WWTP Close-Out Project Segment #4 – Request to go to Bid

Project includes the bridge replacement and landscaping. The District will also need to meet the City of Mukilteo's final requirements, which are yet unknown. Mr. Hammer requested authority to go to bid when the plans and specifications are ready. Commissioner Johnson made a motion to authorize going to bid

when the plans and specifications are ready. Commissioner Thomasson seconded the motion. The motion was approved unanimously.

***Resolution 148-10 -
Aeration Basin A
Mixer Replacement***

One of the 16-year old mixers in Aeration Ditch A has broken a blade. When the District upgraded Ditch B, the District purchased the same type of mixer as a sole source item. A replacement pair of blades cost \$12,202. The purchase price for a new mixer is \$25,217. The District could purchase replacement blades with O&M funds and budget for a new mixer in 2011 or request the Commissioner's authority to amend the 2010 Budget to purchase a new mixer this year. Discussion revealed the life expectancy of the mixer blades is 12 years. The District currently has two mixers that are 16 years old. Commissioner Johnson recommended not to purchase replacement blades, but for the District to buy 2 mixers and replace both aging mixers. Discussion took place and the Board agreed. Commissioner Johnson made a motion to adopt Resolution 148-10 as modified, waiving the public bidding requirements and authorizing Staff to proceed with the sole source purchase of 2 Flygt Submersible Mixers, and bring a modified Resolution stating the Boards' recommendation to the next meeting for signatures. Commissioner Thomasson seconded the motion, which passed unanimously.

***Lift Station #5 and
#10 Future
Expansion Discussion
and Big Gulch
Segment 1 – Verbal
Report***

Lift Station #5

Gray & Osborne engineers are in the process of developing plans and specifications for the Lift Station #5 Project. The critical areas study has been completed. The District's 15 foot access road is in the stream and wetland buffer area. The consultant has recommended enhancing about 2200 square feet of buffer outside our existing easement. The District did not purchase additional land for buffer enhancement. Discussion followed regarding using District funds to enhance private property. It was recommended the District determine what mitigation measures the City of Mukilteo is requiring. Mr. Hammer stated he requested the engineer include a meter vault emergency pump bypass connection and a new vault lid to the wet well and pump station to improve accessibility for pump maintenance at the Lift Station.

Lift Station #10

Lift Station #10 is located along SR525 and Goat Trail within the State Highway Right-of-Way. In the future, SR525 will be widened and we will possibly need to relocate the Lift Station. A developer is getting ready to plat the land directly to the west of the Station into 17 lots. Mr. Hammer requested Board consensus to discuss purchasing a

lot just west of the current location from the developer to relocate the Lift Station onto in the future. The consensus of the Board is for Mr. Hammer to discuss the possible purchase with the property owner.

Big Gulch Segment #1

There has been some stream bank erosion in Segment #1 of Big Gulch. It appears some stream bank enhancements to minimize erosion and protect the District's infrastructure for the long term will need to be performed. Commissioner Caine commented the District had paid a lot of money for engineering for the stream restoration in Segment #1 and is disappointed with the apparent inadequacy of the design. Commissioner McGrath asked if the District had transferred the storm water pipe to the City of Mukilteo yet. Mr. Hammer stated the bond attorney says the District can't give away assets it borrowed money to construct. He also mentioned that easement negotiations with the City needed to be completed.

Additional Reports

Legal

Mr. Milne had nothing to report.

Engineering

Tom Zurkel mentioned Mr. Jahoula, who is feeling ill, sends his regrets for not attending the meeting.

Management

Management had nothing to report.

Commissioners

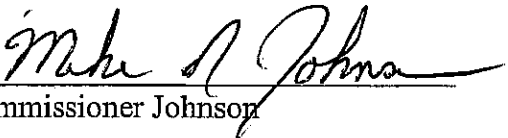
- Commissioner Johnson mentioned he is aware that the City of Mukilteo is raising their right of way blanket fees. He understands it could change from approximately \$200 up to \$2,000 or \$3,000.
- He also commented that the City of Mukilteo is advertising the trail in Big Gulch and that he is concerned about the 5 year maintenance requirement for the plantings in Big Gulch because people using the trail could damage the plantings. Mr. Hammer stated that is true, and the District will need to work with the City of Mukilteo on the issue.
- Commissioner Johnson stated the ladder in the driveway to the District is a safety hazard and would like some other arrangements to be made to notify the public not to park in the District's parking lot on meeting nights.
- He also commented he would like the District to purchase a laser pointer for presentations.

- Commissioner Caine stated he would not be attending the next regular Board Meeting.
- Commissioner Thomasson commented she also would not be able to attend the next regular Board Meeting.

CONCLUDE

There being no further business the Vice-President of the Board concluded the meeting at 8:53PM.

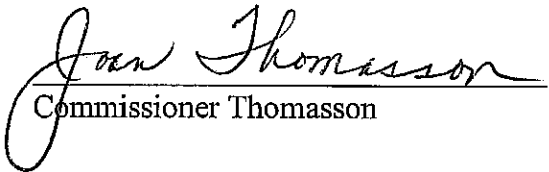
President/Commissioner Rainville



Commissioner Johnson



Vice-President/Commissioner Caine



Commissioner Thomasson



Secretary/Commissioner McGrath