

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

Minutes of August 19, 2009

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The August 19, 2009 Regular Meeting of the Board of Commissioners was called to order at 7:00 PM in the District office.

***PRESENT***

Commissioners -- Dick Andrews, Ed Caine, Thomas McGrath,  
Thomas Rainville and Joan Thomasson  
Engineers – Mike Jauhola, Eric Delfel & Camp Fuller  
Consultants – Kim Staheli, John Parnass & Steve Bishop  
Staff -- Dan Hammer, Sue Parks, Gil Bridges, Rick Matthews and  
Mary Merriam  
Audience – Dave Mullins, Nizar Damji, Shaiza Damji, Krystin  
McArthur, Donald Marcy, Rob Long

Commissioner Thomasson made a motion to excuse Commissioner Johnson's absence which was pre-approved. Commissioner Caine seconded the motion. The motion passed unanimously.

***APPROVAL OF  
AGENDA***

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

***MINUTES  
APPROVED***

Commissioner Caine made a motion to accept the Minutes from the August 5, 2009 Board Meetings. Commissioner McGrath seconded the motion. The motion passed unanimously.

**CONSENT AGENDA**

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

**Vouchers**

Water Maintenance Fund (741-5408666)  
Beginning with 1528 through 1570 in the amount of \$168,951.85.

Water Maintenance Fund (741-5408666)  
Beginning with 1571 through 1571 in the amount of \$28,979.37.

Water Capital Improvement Fund (741-5458666)  
Beginning with 1527 through 1527 in the amount of \$34,410.68.

Wastewater PWTf Fund (741-58558666)  
Beginning with 1402 through 1404 in the amount of \$85,693.44.

Wastewater Maintenance Fund (741-58408666)  
Beginning with 1405 through 1411 in the amount of \$15,159.46.

Wastewater Maintenance Fund (741-58408666)  
Beginning with 1412 through 1412 in the amount of \$11,351.47.

- Wastewater Capital Improvement Fund (741-58468666)  
Beginning with 1397 through 1401 in the amount of \$42,096.88.
- East Wastewater Maintenance Fund (741-59418666)  
Beginning with 0205 through 0207 in the amount of \$63,456.94.
- East Wastewater Maintenance Fund (741-59418666)  
Beginning with 0208 through 0208 in the amount of \$226.89.
- East Wastewater Capital Improvement Fund (741-59528666)  
Beginning with 0204 through 0204 in the amount of \$1,102.36.

**Regular Payroll**

Regular Payroll for August 2009 in the amount of \$138,898.83 was approved.

**Discharge Monitoring Report**

The July 2009 Discharge Monitoring Report was reviewed.

**Adjustments to Customer Accounts**

The Board reviewed the July 2009 Customer Account Adjustment Form which indicated 23 accounts were adjusted. The President of the Board was authorized to sign the form.

**Service Connection Summary**

The Board reviewed the July 2009 Water Service Connection Report which indicated two new services were installed and no additional units, which increases the total new services for the year to 56. The Sewer Connection Report indicated no new services were installed.

**Tracking of Past Due Accounts**

Staff provided the list tracking the number of customer notices sent out each month through July 2009 for Board review.

**Revised Change Order #1, Paine Field Water & Sewer Project**

Change Order #1 for BDZ Developers which was approved at the previous Board Meeting was found to be unclear regarding sales tax on each item. It also included an increase to Gray & Osborne's contract for \$1,000. Staff requested G&O remove the increase to their contract and clarify that each item excluded sales tax. Wording was changed to clarify that Snohomish County did not direct the contractor to make changes as outlined in the Change Order. The Board rescinded the original Change Order presented on August 5<sup>th</sup> and approved the corrected Change Order.

*Investment Report*

The Board reviewed the July 31, 2009 Investment Funds Report.

*BUSINESS ITEMS*

***STAYBRIDGE  
SUITES SEWER  
CONNECTION  
CHARGES***

Mr. Hammer advised the Board that since the August 5, 2009 Meeting Mr. John Milne has been in contact with the developer's attorney. Their attorney has requested the District allow the developer to make an \$85,000 deposit and allow Staybridge Suites to receive sewer service until District staff can present a report to the Board and a determination regarding the sewer connection fees is made.

Mr. Milne advised Mr. Hammer that Developer Extension Agreement #459 for Staybridge Suites was signed by 360 Degrees Hotel Group in March 2008. Later ownership was changed to Mukilteo Hotel, LLC without notification to the District. The new owners should have signed a new Developer Extension Agreement or provided an assignment/substitution of parties. Any easements provided to the District need to be executed by the actual owners of the property. Several people on behalf of Staybridge Suites were present. Mr. Donald Marcy, attorney for Staybridge, spoke stating the same people still own the property and he will work with Mr. Milne to complete the proper paperwork. The owner, Mr. Nizar Damji, stated the hotel needs water by the end of August and requested the District allow them to make a deposit and connect into the sewer system.

Ms. Krystin McArthur, from the City of Mukilteo, stated she was attending on behalf of the Mayor and City Administrator and the City is supportive of the hotel group and likes to see development in the city.

Mr. Hammer stated Mr. Milne suggested in order to expedite the process; the Board authorize the General Manager to approve the transfer of ownership when the developer has entered into a supplemental agreement that is acceptable to him and the General Manager.

Commissioner Caine made a motion to authorize the General Manager to work with the attorney to develop a supplemental agreement to transfer the Developer Extension Agreement and authorize the General Manager to sign the agreement on behalf of the District. Commissioner Andrews seconded the motion. The motion passed unanimously.

Commissioner McGrath made a motion to deny the request of the Developer to make a partial payment of \$85,000 for sewer permit fees as recommended by legal counsel. Commissioner Andrews seconded the motion. The motion passed unanimously.

Mr. Marcy stated that without water and sewer permits the District would be delaying the hotel from opening on schedule.

Commissioner Rainville stated the Board needs to wait until they review the Report that will be provided to them on September 14<sup>th</sup>. The developer can purchase the sewer permits 'under protest' and then a refund would be issued if necessary.

Commissioner Caine stated a motion had been made and the topic was not going to be re-visited tonight.

***BIG GULCH  
UPDATE***

District consultants, Mr. John Parnass a construction attorney, Ms. Kim Staheli a trenchless consultant, and Mr. Camp Fuller the contract manager were present to discuss the horizontal directional boring events in Big Gulch with the Board. Mr. Hammer provided a memo to the Board stating that two claims of changed site conditions from HDD Company have been received:

- The claim on the 20-inch trunk line alleges that the baseline geotechnical report did not accurately reflect where the landslide colluvial deposits ended, attributing to the formation of the sink hole for an estimated claim cost of \$811,325.
- Notice of a potential second claim related to the 101<sup>st</sup> Street pending bore. HDD has suggested changing the planned bore to add 250-feet to 300-feet of 18-inch steel casing to avoid drilling in the area where the sink hole for the 20-inch bore occurred. The bore alignment for the 101<sup>st</sup> Street pipeline is approximately 30-feet from the 20-inch bore alignment. Potential for an additional claim exist if the District chooses not to install the casing. Estimate cost to install the casing is from \$80,000 to \$100,000.

A potential third claim could be received by the District related to the three sags in the 20-inch pipe line.

Mr. Hammer stated he authorized HCWL to approve additional geotechnical borings to be performed in the vicinity of the sink hole. The work is scheduled to start on Wednesday, August 19, 2009 at an estimated cost of \$35,747.

Commissioner Andrews made a motion to convene to an Executive Session pursuant to RCW 42.30.110(1) (i) to discuss potential litigation relating to the HDD claim. Commissioner Caine seconded the motion. The motion passed unanimously. The Board went into Executive Session at 7:30 PM for an estimated 30-minute session.

At 7:55 PM Mr. Hammer advised meeting attendees that the Executive Session would be extended until 8:10 PM. The Meeting resumed at 8:10 PM.

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Commissioner Thomasson made a motion authorizing the General Manager to sign Change Order #2 that Mr. Parnass will prepare for the installation of the 18-inch casing as recommended by the contractor at an estimated cost of \$80,000 to \$100,000.

Commissioner Caine seconded the motion. The motion passed unanimously.

***BENSON  
MCLAUGHLIN  
FINANCIAL  
REVIEW***

Mr. Steve Bishop, from Benson McLaughlin, was present to review the highlights of the Mukilteo Water and Wastewater District's December 31, 2007 and 2008 Financial Statements with the Board. He reported that the District is financially sound.

***WATER  
COMPREHENSIVE  
PLAN***

Mr. Eric Delfel, from Gray & Osborne, previously provided draft Water Comprehensive Plans for the Board and managements review. A Power Pointe presentation was made going over the highlights of the Plan and reviewing the schedule that needs to be met to have the Plan ready for the Department of Health within the required time frame. The District's Developer Extension Agreement is part of the Comp Plan so that the District can monitor distribution system projects within their jurisdiction without having to receive DOH approval on each project. Mr. Delfel worked with Mr. Rick Matthews to update the Agreement. Mr. Matthews gave a brief overview of the change made to the agreement with the Board.

An Informational Meeting on the Water Comprehensive Plan is scheduled for the September 2, 2009 Meeting.

The Board stated the Plan looked good and thanked Mr. Delfel for his work.

***ENGINEERING REPORT***

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

***MANAGEMENT REPORTS***

Mr. Hammer reported more water was sold than ever before during the last two-month westside billing cycle.

**COMMISSIONERS REPORTS**

Commissioner Thomasson discussed NIMS compliance and training. Staff will check the requirements of who needs to receive training.

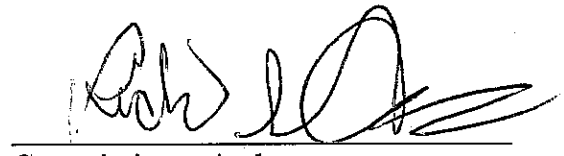
Commissioner Thomasson and Caine will not be attending the September 2, 2009 Meeting and asked to be excused.

Commissioner Rainville reported on the last Sno-King Meeting and the draft legislative agenda for the new legislative session.

**ADJOURN**

There being no further business the President of the Board adjourned the meeting at 9:10 PM.


  
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President/Commissioner Rainville

  
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Commissioner Andrews

  
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Vice-President/Commissioner Caine

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Commissioner Johnson

  
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Secretary/Commissioner McGrath

  
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Commissioner Thomasson