

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

Minutes of November 3, 2010

The November 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
Attorney – John Milne
Engineer – Mike Jauhola
Staff -- Dan Hammer, Sue Parks, Gil Bridges, Rick Matthews and Joann King
Audience – Michael Silva from Silva Consultants

**APPROVAL OF
AGENDA**

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

MINUTES APPROVED

Commissioner Thomasson made a motion to approve the Minutes for the October 20, 2010 Board Meeting. Commissioner McGrath seconded the motion. The motion passed unanimously.

CONSENT AGENDA

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

Regular Payroll

Regular Payroll for October 2010 in the amount of \$133,869.99 was approved.

Vouchers

Water Maintenance Fund (741-5408666)

Beginning with 0002522 through 0002528 in the amount of \$22,895.68

Water Maintenance Fund (741-5408666)

Beginning with 0002553 through 0002574 in the amount of \$25,818.70

Water Capital Improvement Fund (741-5458666)

Beginning with 0002529 through 0002530 in the amount of \$114,108.66

Wastewater Maintenance Fund (741-58408666)

Beginning with 0002478 through 0002492 in the amount of \$19,297.67

Wastewater Capital Improvement Fund (741-58468666)

Beginning with 0002474 through 0002477 in the amount of \$56,317.14

Wastewater PWTF Fund (741-58558666)

Beginning with 0002471 through 0002473 in the amount of \$214,652.20

East Wastewater Maintenance Fund (741-59418666)

Beginning with 0000325 through 0000326 in the amount of \$962.64

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.

Customer Notice Tracking

The September 2010 Customer Notice Tracking Report was reviewed and approved.

BUSINESS ITEMS

***2010 Vulnerability
Assessment Report –
Michael Silva***

The General Manager, Mr. Hammer, stated the update of the District's Vulnerability Assessment report had been approved as a part of the 2010 Budget. He introduced Mr. Silva from Silva Consultants as the author of the assessment. Mr. Hammer stated Mr. Matthews is the project manager and may like to go over a few items. Mr. Matthews stated the District's Vulnerability Assessment had given a baseline to help identify projects the District needed to implement and which should be prioritized. He mentioned Mr. Silva had worked on the assessment finished before the merger and had recently completed the updated report which was included in the Board of Commissioners packets. Commissioner Caine asked about the confidential nature of such a document. Mr. Matthews stated the document had only been provided to the Board and select managers of the District. The District's Attorney, Mr. Milne stated vulnerability assessments are exempt from public disclosure and recommended any further discussion of this agenda item be held in executive session. Commissioner Caine then requested the Board table this agenda item, move on to the remaining agenda items, and hold an executive session at the end of the meeting. The Board of Commissioners was in agreement and the meeting moved on to the next agenda item.

***Lift Station #5 Access
Improvement Project
Contract Bid Award***

Mr. Jauhola of Gray & Osborne Inc. stated the project bid opening was held on October 27, 2010. The District had received 14 bids ranging from approximately \$226,000 to approximately \$402,000. He mentioned the engineers estimate was approximately \$288,000. The detail of the bids received are as follows:

L.W. Sundstrom Inc. - \$402,029.80

Advanced Construction Inc. - \$382,702.50

B & L Utility Inc. - \$349,524.00

Earthwork Enterprises Inc. - \$345,943.35

Jansen Inc. - \$317,495.25

Precision Earthworks Inc. - \$303,972.00

RRJ Company LLC - \$292,242.36

New West Development Inc. - \$280,347.38

Plats Plus Inc. - \$275,387.02

Shoreline Construction Co. – \$271,680.45

SRV Construction Inc. - \$270,409.16

Interwest Construction Inc. - \$251,472.23

Construct Co. - \$250,411.72

Road Construction Northwest Inc. - \$226,492.54

Mr. Jauhola stated the lowest responsible bidder is Road Construction Northwest Inc. with a bid of \$226,492.54, including sales tax, and recommended the Board award the project contract to Road Construction Northwest Inc. for

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that amount. He commented the engineers had checked the company's references and they were good. Commissioner Johnson asked whether the specifications and the materials list were specific enough that the contractor would not be able to make unacceptable substitutions of materials or utilize used materials. Mr. Jauhola stated they are. Commissioner McGrath asked why the engineers estimate for a precast vault was so much higher than the contractor's bid amount. Mr. Jauhola answered that it is going to depend on how the contractor chooses to list their line items within a specific task. Commissioner Caine asked if the bid includes a mitigation plan. Mr. Jauhola answered it does not. Commissioner Thomasson made a motion to adopt Resolution No.167-10 awarding the contract for Lift Station #5 Access Improvement Project to Road Construction Northwest Inc. as the lowest responsible bidder in the amount of \$226,492.54, including sales tax. Commissioner McGrath seconded the motion. The motioned passed unanimously.

Audit Exit Conference

Ms. Parks, the Districts' Finance Manager, explained the State Auditors have completed their field work and would like to schedule an exit conference with up to two Board members in attendance some time after November 8, 2010. She stated there were no findings and only two items they wanted to talk about. Discussion followed. It was determined Commissioners Rainville and McGrath would attend a conference on the afternoon of November 8th or November 9th. Ms. Parks stated she would check with the Auditors and notify the Commissioners as quickly as possible of the date and time.

Revised Snohomish County Financial Services Contract

Ms. Parks advised that Snohomish County will be implementing service fees to special purpose districts like Mukilteo Water and Wastewater for accounts payable and payroll services. Ms. Parks reported that the District performs its own payroll service. Mr. Milne has reviewed the proposed services agreement and had recommended some changes, but the County would not agree to any changes at this time. However, the document has a 45 day written notice of termination, which allows the District to terminate the agreement should it be determined to be in the District's best interest to do so.

Ms. Parks explained Staff is already processing payroll in house and would like to process accounts payable in house soon. Discussion followed. Commissioner Rainville stated it is important to know how much it would cost to perform all accounts payable tasks in house to determine what will be the best option for the District. Staff will need to prepare an analysis, identifying the cost to process accounts payable in house compared to continuing with Snohomish County, and present it to the Board for consideration. Commissioner McGrath made a motion to authorize the General Manager to sign the Financial Services Agreement with Snohomish County. Commissioner Thomasson seconded the motion. The motion was approved by a vote of 4 – 0, Commissioner Caine abstaining from the vote because he is an employee of Snohomish County.

ADDITIONAL REPORTS

Legal

- Mr. Milne spoke about the recent court decision which upheld the constitutionality of the Municipal Water Law. However, he cautioned that the decision was in regard to generalities and it was not clear how courts may rule on actual factual situations in the future.

Management

- Mr. Hammer mentioned the Big Gulch close out paving is commencing. The bridge has been paved, and the access area at the treatment plant gate is being paved. The temporary bridge is expected to be removed soon. The landscaping and retaining wall will be the final steps to this part of the project.
- Mr. Hammer stated District staff had a meeting with Gray & Osborne Inc. staff to go over preliminary design plans for the Headworks Design project. He commented they had made good progress. He commented that District employees Darin Janda and Thomas G. Bridges had some very good ideas for dealing with electrical issues by using WI FI technology instead of the installation of extra conduit. The main concern of the project at this time is Ditch "A" being out of service during construction and protecting Ditch "B" while a 13 foot hole is being dug near it. Mr. Hammer and Mr. Bridges spoke about an upcoming sole source purchase of the grit removal system and they were looking into whether the company can store the equipment while preparations for its installation take place.
- Mr. Hammer mentioned the Harbour Pointe water supply project is nearing completion and final testing will begin soon.
- Mr. Hammer stated Staff had a preconstruction meeting for the Reservoir #2 Interior Recoating project and the contractor had begun mobilizing. He mentioned the District had allowed the contractor to cut a hole in the tank for removing the grit generated during the sandblasting phase of the project.
- Mr. Hammer stated he and Ms. Parks had met with City of Everett Staff to discuss options the Board of Commissioners had requested they be presented for the assumption of water and sewer accounts. Discussion followed. It was suggested the District determine, with legal counsel, the best response to the City of Everett's letter dated October 20, 2010. Mr. Milne stated he would need to review both contracts to determine the best action for the District to take.
- Mr. Hammer stated he will provide a draft succession plan for consideration at the December 1, 2010 Board meeting. The subject had been discussed in his absence at the previous Board of Commissioners meeting.

Commissioners

- Commissioner Caine asked when the Budget would be presented. Mr. Hammer advised that it was scheduled for consideration at the

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November 17th meeting. Commissioner Thomasson asked if consideration of the matter could be postponed to the December 1, 2010 because she would not be attending the November 17th meeting. Mr. Hammer indicated the budget will be presented on November 17, 2010. He expects a brief presentation will be made at that time and a more detailed discussion will occur on December 1, 2010.

- Commissioner Rainville stated it was time to evaluate the General Manager and would be sending out the evaluation form to the Commissioners in the near future. Commissioner Caine requested that a copy of the General Manager's employment contract be provided with the form.
- Commissioner Johnson mentioned he would likely be attending the next Washington Association of Sewer and Water Districts' Section III meeting on November 9, 2010.

**RECESS TO
EXECUTIVE SESSION**

- At 7:42 PM, an executive session was convened pursuant to RCW 42.30.110 (1) (a) for 20 minutes to discuss the 2010 Security Assessment Report as it relates to national security.
- Commissioner Rainville extended the executive session for 15 minutes at 8:02 PM.
- Commissioner Rainville extended the executive session for an additional 10 minutes at 8:15 PM.

**RECONVENE TO
REGULAR SESSION**

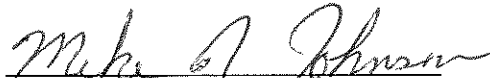
The executive session was concluded at 8:25 PM and open public meeting was reconvened.

CONCLUDE

There being no further business the President of the Board concluded the meeting at 8:35 PM.



President/Commissioner Rainville



Commissioner Johnson



Vice-President/Commissioner Caine

Commissioner Thomasson



Secretary/Commissioner McGrath