

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

Minutes of December 1, 2010

---

The December 1, 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, Eric Delfel and Tom Zerkel  
Staff -- Dan Hammer, Sue Parks, Gil Bridges, Rick Matthews and  
Mary Merriam

***APPROVAL OF  
AGENDA***

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

***MINUTES  
APPROVED***

Commissioner McGrath stated that on page two under the AMR Study his comment had been that he didn't want to pay for a study that did not include all options. Staff will revise the sentence.

Commissioner McGrath made a motion to approve the Minutes from the November 17, 2010 Board Meeting with the change requested. Commissioner Johnson seconded the motion. The motion passed with four voting yea. Commissioner Thomasson abstained because she did not attend that meeting.

***CONSENT AGENDA***

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

***Vouchers***

Water Maintenance Fund (741-5408666)  
Beginning with 2610 through 2616 in the amount of \$22,918.93.

Water Maintenance Fund (741-5408666)  
Beginning with 2618 through 2640 in the amount of \$47,059.31.

Water Capital Improvement Fund (741-5458666)  
Voucher number 2617 in the amount of \$35,073.66.

Wastewater PWTF Fund (741-58558666)  
Beginning with 2519 through 2520 in the amount of \$109,778.34.

Wastewater Maintenance Fund (741-58408666)  
Beginning with 2509 through 2518 in the amount of \$21,285.71.

Wastewater Capital Improvement Fund (741-58468666)  
Beginning with 2507 through 2508 in the amount of \$57,821.50.

East Wastewater Maintenance Fund (741-59418666)  
Beginning with 0332 through 0333 in the amount of \$2,823.89.

*Regular Payroll*

Regular Payroll for November 2010 in the amount of \$132,770.08 was approved

*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 Report*

The November 2010 Customer Notices Tracking Report was reviewed and approved.

*Investment Report*

The October 31, 2010 Investment Report was reviewed and approved.

*2008-2009 Audit Report*

The State Auditor's Office has issued the 2008-2009 Audit Report and stated that in their opinion the financial position of the District, the changes in financial position and cash flows were in conformity with accounting principles generally accepted in the United States. A copy of the report is on the District's web site.

*Accepting Developer Extension Agreement as Complete*

*Staybridge Suites, #459*

**STAYBRIDGE SUITES  
EXT. #459**

**RESOLUTION 168-10**

Staff recommended the Staybridge Suites Developer Extension Agreement Project be accepted as complete. The developer installed water and sewer improvements for a new 133 unit hotel. All work has been completed.

The Transfer of Ownership and Bill of Sale for water and sewer facilities have been provided to the District. The Developer made a \$7,500 deposits to the District to cover expenses including engineering, inspection, legal, permits and administration; no balance remains to be refunded. A \$5,000 Cash Completion Deposit was made to receive service prior to the final paving. A \$2,000 sewer maintenance deposit and a Two-Year Sewer Maintenance Bond were provided. The owner would like the \$2,000 maintenance deposit refunded and keep the sewer maintenance bond in place for the two-year period.

Staff provided Resolution 168-10, accepting the Developer Extension Agreement as complete and authorizing staff to refund the \$5,000 cash completion deposit and \$2,000 sewer maintenance deposit. The President of the Board was authorized to sign the Sewer Maintenance Bond on behalf of the District.

**BUSINESS ITEMS**

***SUCCESSION  
PLANNING***

Mr. Hammer reviewed his memo presenting an overview of where the District is in regards to training of staff. Over half of the District's 21 employees have been with the District for 10 to 15 years which indicates there is very little turn-over in employment. Department heads are confident that their employees are very capable of continuing day-to-day operations if an emergency situation arose.

Discussion was held with Commissioner's stating their ideas of what succession planning should include.

The Board suggested the General Manager develop a method, such as sending out an email, when department heads are going to be out of the office so employees know who is in charge at all times.

***PAINÉ FIELD SEWER  
SERVICE CONTRACT***

Mukilteo Water and Wastewater District implemented a west-side sewer rate increase that became effective April 1, 2010, establishing rates for 2010 and 2011. Rates for Paine Field (Airport) are:

2010 – Monthly Base \$ 3,668.50 plus \$5.69 per 1,000 gallon

2011 – Monthly Base \$ 16,140.00 plus \$5.23 per 1,000 gallon

Previously, the General Manager was authorized to work with Airport staff to look at ways to mitigate some of the increased charges. The Airport staff requested that the April 8, 1987 Sewage Disposal Contract entered into by Olympus Terrace Sewer District and the Airport be re-negotiated. A marked-up contract with changes the Airport would like considered was provided to the District for review.

Mr. Hammer reported it would also be beneficial to the District for the contract to be revised. Developing a revised contract could take substantial engineering, legal and rate consultant time and expense that would not occur before the 2011 rates go into effect on January 1, 2011.

Discussion was held.

Commissioner Rainville made a motion authorizing the General Manager to negotiate a new contract with the Airport and to utilize consultants to assist the District in creating a new contract for Airport sewer charges but until the agreement is finalized the existing rates will be enforced.

Commissioner McGrath seconded the motion. The motion passed with four yea votes. Commissioner Caine abstained since he is employed by Snohomish County.

***2011 DRAFT BUDGET***

The 2011 Draft Budget presented to the Board of Commissioners at the November 17, 2010 Meeting is balanced with revenue at \$9,327,900 and expenses at \$8,199,700. At that meeting, Mr. Hammer provided a draft memo on 2011 salary adjustments.

Mr. Hammer provided a priority list of twelve (12) capital improvement projects as requested by Commissioner Caine. Ms. Parks provided information on corrections made to the budget document since the last meeting.

Commissioner Caine distributed a list of his budget questions.

Mr. Hammer made a brief presentation on issues that affect the budgeting process.

Discussion was held regarding Mr. Matt's Salary Study, job descriptions, wage recommendations, what month's CPI (the Consumer Price Index) should be utilized and other budget issues. The draft budget recommended a .4% COLA (Cost of Living Allowance) adjustment for staff.

Commissioner Thomasson made a motion recommending no COLA adjustment be made in 2011 due to the economic times and the current salary matrix having eleven (11) employees above their existing pay grade. Commissioner Caine seconded the motion. The motion failed with Commissioner Rainville, Johnson and McGrath voting nay and Commissioner Thomasson and Caine voting yea.

The Board of Commissioners requested a special meeting be held on Wednesday, December 8, 2010 at 7:00 PM to discuss the draft budget. Staff will advertise the meeting.

### ***MANAGEMENT REPORTS***

Mr. Hammer reported that work is being done to complete the Big Gulch Close-Out Project by the end of December 2010. The final paving is the main issue remaining. The PWTF (Public Work Trust Fund) loan has to be closed-out before January 3, 2011; therefore a special meeting may need to be scheduled to approve a resolution accepting the project as complete.

Copies of Change Order #3 and justification of the Change Order for the Big Gulch Close-Out Project in the amount of \$13,092.91 were provided to the Board. The change order included Item 45A-chain link fence and gate change, Item 47A-additional excavation for ultra block wall, Item 53A-danger tree removal outside the clearing limits and Item 54-95<sup>th</sup> Place street repair for sub-drainage improvements. Mr. Hammer reported he had approved the Change Order.

Mr. Hammer and Commissioner Rainville will be attending a meeting with the City of Mukilteo next week to discuss the City's desire to establish some type of utility tax with the District.

### ***COMMISSIONER REPORTS***

Commissioner Caine requested an Executive Session for Board Members only, to discuss the General Manager's Annual Performance Review, on the December 15, 2010 Agenda.

***TRANSFER OF  
ACCOUNTS TO THE  
CITY OF EVERETT***


Due to issues relating to the proposed transfer of utility accounts in the Airport Road area to the City of Everett it was recommended the Board enter into an executive session to discuss potential litigation and receive legal advice pursuant to RCW 42.30.110(1)(i).

At 9:07 PM Commissioner Rainville stated the Board would go into executive session on that basis for approximately 30 minutes to discuss issues regarding the transfer of account to the City of Everett. Mr. Eric Delfel and Mr. Tom Zerkel, consulting engineers for the District, Mr. Hammer, Ms. Parks and Mr. Milne were included in the executive session. At 9:37 PM Commissioner Rainville announced the executive session was being extended another 15 minutes. At 9:52 PM Commissioner Rainville announced the executive session was being extended another 10 minutes. At 10:00 PM the executive session was concluded and the open public meeting was reconvened.

***CONCLUDED***

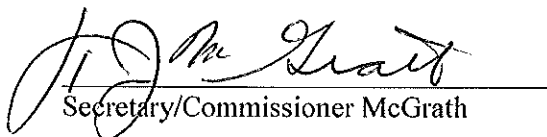
There being no further business the President of the Board concluded the meeting at 10:04 PM.

  
\_\_\_\_\_  
President/Commissioner Rainville

  
\_\_\_\_\_  
Commissioner Johnson

  
\_\_\_\_\_  
Vice-President/Commissioner Caine

  
\_\_\_\_\_  
Commissioner Thomasson

  
\_\_\_\_\_  
Secretary/Commissioner McGrath