

**MINUTES OF A REGULAR MEETING  
OF THE BOARD OF COMMISSIONERS OF  
NORTHSHORE UTILITY DISTRICT**

March 4, 2024

A regular meeting of the Board of Commissioners of the Northshore Utility District was held in person with a remote option for guests through video conferencing. The meeting was called to order by Commissioner Suzanne Greathouse, Board President at 5:30 p.m. on March 4, 2024, Commissioners Thomas Mortimer, Trudy Rolla, Bruce Gardiner, and Matt Breysse (5:31 p.m.) were present. Also present were Amanda Campbell, General Manager; Ethan Maiefski, Assistant General Manager/Interim Engineering Director; Tom Vane, Maintenance and Operations Director; Craig Schmollinger, Finance Director; George Matote, Senior Engineer; JoDean Sharp, Senior Human Resources Generalist; Eric Delfel, Engineering Consultant, and Brenda Smith, Executive Assistant.

**(1). CALL TO ORDER**

**(2) PUBLIC**

No public comments were received by Monday, March 4, 2024, as advertised on the District website.

**(3). CHANGES TO THE AGENDA**

Commissioner Greathouse called for changes to the agenda.

There were no changes to the agenda.

**(4). CONSENT AGENDA**

Commissioner Gardiner moved to approve the consent agenda consisting of the following:

- (a). Minutes: Regular Meeting Minutes for February 5, 2024.

Commissioner Rolla seconded the motion, which passed 5-0.

**(5). OLD BUSINESS**

There was no old business reported to the Board.

**(6). NEW BUSINESS**

- (a). 122/84 Water Main Replacement, (C2305)

District Staff identified an area within the existing water distribution system that is a candidate for replacement due to two water main breaks; the most recent break occurred on August 2, 2023. The project will replace approximately 4100 linear feet (LF) of water main with approximately 87 services and 35 ADA sidewalk ramps. This project was identified in the 2024 budget and the

preliminary construction cost estimate was based on \$450/LF for the water main replacement project.

As a first step in the progression of the project, District staff requested a proposal from Kimley-Horn to complete the 122/84 Water Main Replacement Project survey/design, permitting, bid-construction support, and as-built survey/creation. Staff reviewed the fee proposal considering the preliminary construction cost estimate. Typically, design costs are approximately 11%-15% of the construction costs. Kimley-Horn's fee proposal is 14.4% of the preliminary construction cost estimate of \$1,845,000. The fee is at the higher end of the design cost versus construction cost range due to the large number of ADA sidewalk ramps that must be designed and constructed as part of the project. Staff negotiated the scope and fee with Kimley-Horn and requests that the Board authorize a contract agreement in the amount not to exceed \$265,900 to complete the work in accordance with the scope and fee.

Eric Delfel, Engineering Consultant reported that the ADA sidewalk ramps are required by federal law.

Commissioner Gardiner requested information as to whether Kimley-Horn has worked with the District before. Assistant General Manager Maiefski reported that Kimley-Horn's contact was a former employee of Blueline, which the District has worked with in the past and that their pricing was fair. General Manager Campbell reported that both the former Engineering Director and the DE Supervisor interviewed Kimley-Horn staff prior to the project.

Commissioner Rolla moved to authorize the contract agreement with Kimley-Horn in the amount of \$265,900 for the design and preparation of bidding documents and other services in accordance with the scope and fee and authorize the General Manager to execute the necessary documents on behalf of the District. Commissioner Greathouse seconded the motion, which passed 5-0.

(b). City of Kirkland – 100<sup>th</sup> Ave NE Corridor Improvements (C1611) – Change Order #5

On August 6, 2018, the Board authorized staff to execute an Interlocal Agreement (ILA) with the City of Kirkland for the design and construction of District facilities that are impacted by the City's 100<sup>th</sup> Ave Corridor Improvements Project. Construction on District facilities started in the fall of 2023 and is now approximately 65% complete. During the recent construction of two new fire hydrants, differing site conditions were encountered along with inaccurate information on the plans.

District staff, the City of Kirkland, and KPA, the District's Construction Management Consultant, met with the Contractor, OMA Construction, to review the time and material Force Account sheets regarding the work to determine the contract work versus the impacted work. The Board was provided a copy of Change Order #5 from the City that outlined the impacted work in the total amount of \$48,825.73. Since this is an ILA project, all construction costs are paid for directly by the City, with reimbursement to the City by the District. District staff concur with the City's prepared Change Order #5 amount and requests that the Board authorize the General Manager to execute the document on behalf of the District.

After further discussion from the Board regarding concerns based on Capital Project Change Orders,

staff will be working on the following aspects of engineering projects moving forward:

- Reevaluating ILAs with cities and other agencies.
- Creation of new Change Order process.
- Strengthen overall project management by District Engineers.
- Collaborate with a consultant to complete a constructability review of each project.
- GM Campbell reported these processes will take time to put new practices in place and should be clearer after 2024.

Commissioner Gardiner moved to authorize the General Manager to execute the City of Kirkland's Change Order #5 on behalf of the District in the amount of \$48,825.73 along with authorizing minor adjustments in purchase price amounts to the noted vendor within the General Manager's signature authority level. Commissioner Breyse seconded the motion, which passed 5-0.

(c). 2024 5-Year Rate Adjustment Initial Consideration

The District has historically utilized a one-year rate setting process for its sewer and water user charges and rates. This process results in an annual Rate Resolution, generally adopted in March, that included adjustments to sewer and water user charges and rates, among other revisions.

The District has pursued a longer-term view of the financial rates and charge recommendations, including financial plans for both water and sewer services. This longer lens approach will help with predictability for year-over-year rates, identifying smooth and incremental adjustments versus larger more infrequent adjustments, and electronic models to allow for adjustments to assumptions based on updated information over a 5-year outlook.

On November 6, 2023, the Board approved an agreement in pursuing this 5-year approach with water and sewer rate expert, Karyn Johnson of KLJ Consulting (KLJ).

After review and extensive discussion regarding the proposal prepared by KLJ Consulting of a 5-year water and sewer rate study the Board commented on the following.

- Commissioner Rolla requested information be provided to the public at the rate hearing to be held on April 1, 2024, as to why rates need to be increased. GM Campbell stated that the District always provides customers with a rate letter.
- It was asked by the Board "what happens if the District does not raise rates"; instead of cash financing the District would be taking out loans; debt covenants', emergency rate increases, and our Bond rating would be considered bad.
- Commissioner Mortimer expressed his appreciation for the material presented as being clear, concise, and organized.

The Board gave direction to staff that it did not require Karyn Johnson of KLJ Consulting to attend the Board meeting to be held on Monday, March 18, 2024. The Board would like time to continue the rate discussion at the Board meeting on March 18<sup>th</sup> and to allow the public to attend the rate hearing (1 of 1) to be scheduled for April 1, 2024.

Following direction, staff will return for subsequent action as envisioned below:

- April 1, 2024: Rate Adjustment Hearing (1 of 1) and Rate Resolution Hearing First Reading (Public Noticed).

- New Rates and Resolution in effect on bills after 2024 Rate Resolution adoption.

## (7). REPORTS

### (a). Engineering/Assistant General Manager Report

Ethan Maiefski, Assistant General Manager (AGM)/Interim Engineering Director, presented the Engineering report to the Board.

Department Expectations – Engineering Team is working on expectations of work arrival time, preapproval of overtime worked and following proper processes for accurate timesheets.

Interlocal Agreements (ILA) – Staff are reviewing ILAs to update shared cost policies.

Standard Operating Procedures (SOP) – Staff is identifying and prioritizing new SOP's.

Engineering Permit Technicians – The Engineering department staffs two Permit Technicians. There will be cross-training processes for both staff members to cover while one Permit Technician is not available.

Change Order Process – The District will be developing and implementing a new change order process for Project Management.

City of Bothell – The District is setting up meetings with Engineering staff from the City of Bothell to network and discuss processes.

Engineering Director Position Update – It was determined to not move forward with the recent Engineering Director candidate that was selected after recent interview processes. There are two other candidates that will be interviewed this week.

City of Kenmore; 190<sup>th</sup> Culvert Project – GM Campbell and AGM Maiefski met with the City of Kenmore to discuss Kenmore's 190<sup>th</sup> Culvert Project. City of Kenmore staff has requested the District to pay \$118,000 for the Wing Wall's construction. A meeting will be scheduled to further discuss this project.

City of Kirkland MOU Update – The second draft was sent to the City of Kirkland on February 22, 2024, and the District is still waiting for a reply from the City. The District and the City of Kirkland will be holding quarterly meetings for the Operations leadership team starting the first of May 2024.

### (b). General Manager

*GM Campbell presented the GM Report to the Board.*

#### Building A Remodel Project:

- A Liquidated Damages letter was sent to the Building A Remodel Project General Contractor.
- Work will be completed on Saturday March 9, 2024, to allow staff to start moving back

into the newly remodeled areas of Building A.

- Punchlist items are currently being completed. Ali Schulz, Project Manager with Gray & Osborne, Inc. has done an exceptional job for the District monitoring that all punch list items, and task are completed.
- The Northshore and Tolt rooms demolition will be starting this week.

District Litigation – GM Campbell attended three litigation depositions and has one more to attend in a week. HR is currently working on four discovery requests from legal for the litigation.

Unemployment Claim – The District recently received an unemployment claim.

Annual Employee Event – The Northshore and Tolt rooms should be complete and ready for the Employee recognition event scheduled for March 21<sup>st</sup> from 1130 a.m. to 1:30 p.m. District offices will be closed during that time.

(c). Board of Commissioners Report

Commissioner Breyse will not be available to attend the Employee Awards Luncheon on March 21, 2024.

Commissioner Mortimer reported he was asked by Judi Gladston, WASWD Executive Director, to represent WASWD at WRIA-8. Commissioner Mortimer has agreed to accept this position.

Commissioner Gardiner requested a vote be put forth regarding a sign in he requested when he reviewed the 2022 Rate Resolution that "just showed up" on his personal computer.

Commissioner Mortimer stated that Commissioner Gardiner's refusal to use a District laptop created this occurrence in receiving an outdated document. This issue could have been avoided if the district laptop was being utilized. Commissioner Breyse expressed that he believed Commissioner Gardiner reviewed the 2022 Rate Resolution in good faith. Commissioner Rolla asked Commissioner Gardiner when he would be working with the IT department so he can start using a District laptop. Commissioner Gardiner stated he was working with them, and then stated he would not be using a district laptop and would remain using his personal one.

GM Campbell reported that she asked that this request be made to the full Board for a decision. The Executive Assistant and the GM should not be responsible for policing the sign in process. The sign ins are manually entered by the Executive Assistant and approved by the GM, and it feels that processing such sign ins may be interpreted as approval and opens staff to risk with the auditors.

There was further Board discussion, and the subject was called to a vote, Commissioner Gardiner abstained from voting. Voting results were as follows: Commissioner Breyse - YES, Commissioner Mortimer - NO, Commissioner Rolla - YES, Commissioner Greathouse - NO. Due to a tie vote, the request by Commissioner Gardiner for an approved sign in was denied.

**(8). UPCOMING EVENTS**

(a). Employee Awards Luncheon

The employee awards luncheon will be held on Thursday, March 21, 2024, from 11:30 a.m. to 1:30 p.m. There will be a District Closure during this time.

(b) Safety Training

The Safety Training will be held on Wednesday, March 27, 2024, 8:00-9:00 a.m. The topic will be "Hazard Communication: Chemicals in the Workplace", 8:00-9:00 a.m.

**(9). EXECUTIVE SESSION**

No Executive Session was held.

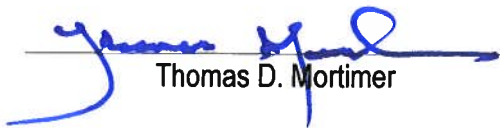
The meeting was adjourned at 7:02 p.m.



Matthew J. Breyse



D. Bruce Gardiner



Thomas D. Mortimer



Trudy C. Rolla



Suzanne Greathouse