

**MINUTES OF REGULAR MEETING OF BOARD OF COMMISSIONERS
OF CROSS VALLEY WATER DISTRICT OF
SNOHOMISH COUNTY, WASHINGTON**

Held November 15, 2011

A regular meeting of the Board of Commissioners of Cross Valley Water District of Snohomish County, Washington, was held at the regular meeting place of the District on Tuesday, November 15, 2011 at 2:30 pm. All Commissioners were present; also present were Gary Hajek, General Manager; Robert Wagner, Financial Accounting Manager; Dave Hutley, Engineer; Pam Murray, Attorney and members of the public having business to bring before the Board.

1. Cascade Materials. General Manager Hajek stated that Kurt Bartelheimer, Manager of Cascade Materials has asked to be on the agenda to discuss his proposal to spread Class B bio solids. He gave the Commissioners copies of his email requesting to be on the agenda and of General Manager Hajek's comments that he sent to the County's project manager. General Manager Hajek explained that after he learned of the proposed project to spread Class B bio solids in the Marshland East area, he took the proposal to the CWSA first. Thereafter, he wrote a letter on behalf of the CWSA to the County's Project Manager expressing concerns about the impact on the CWSA's 42" water main in the area.

2. Minutes. Minutes of the previous meeting of October 18, 2011 were read and approved.

3. Account Adjustment. The Board approved a leakage credit for Merle Miller, Account No. 5237-24237 in the amount of \$557.50; a leakage credit for Robert or Jennifer Cumming, Account No. 3146-22144 in the amount of \$150.04; a leakage credit for Randall Kriewald,

Account No. 1360-20360 in the amount of \$30.91, and a leakage credit for Greg Darlington, Account No. 2696-21696 in the amount of \$81.34.

4. Cash & Investments. Financial Accounting Manager Wagner presented the Cash & Investment Analysis for the District as of October 31, 2011. He stated that there were no changes in the District's investments this month. The \$1 million FHLMC note may be called by the end of November because short-term rates are trending lower. Cash decreased by \$180,000 due to accounts payable.

5. Convenience Pay. FAM Wagner reported that the District's credit card processing company has a new name, HP Convenience Pay, which bought out EDS. The issue reported last month has been resolved, and the District has received payment for all it is owed.

6. Foreclosures. Financial Accounting Manager Wagner reported on the status of the District's foreclosures. The Hochanadel property was sold at auction on November 10, 2011 for \$55,000. There were many people in attendance. The minimum bid was around \$10,000, and the excess will be refunded to the Hochanadels. The next scheduled sale is for the G. Johnson property, but he is being served by publication of a Summons and Complaint in The Herald. Bennett Snohomish Land requested a reduction in the amount of the District's judgment which was refused; the sale is now scheduled for January 10, 2012. FHLMC asked the District to hold off going to court to obtain a judgment; they have been given through Monday, November 21, 2011 to pay off the balance in full, or the District will proceed to obtain the judgment. There is only one foreclosure still open from 2010, which is Wade Rowley's. There are 12 active foreclosures pending in 2011, which include Bennett Snohomish Land and G. Johnson, and five more possible Notice of Intents by the end of November. The District received a request for a

payment plan from Curtis Goodman on the McLean foreclosure. He offered to pay \$200 down and \$150 to \$200 a month. FAM Wagner calculated that a payment of \$175 per month would pay off the account by December 31, 2012. The Board stated that he should pay \$233 down and \$200 per month, plus keeping the account current. FAM Wagner explained that the foreclosure would remain open, but inactive, during the time he is making payments. The Board agreed that the plan should be submitted to Mr. Goodman. FAM Wagner stated that, in addition, after the payment plan has been signed, it will be recorded against the property.

7. Request for Refund. The Board reviewed a request for a refund of \$30 by Joy Andrea, Account No. 4189-23189; the account was in the name of Twyla Lusk, who has passed away. She sent a check to pay the bill, but the District also attempted to draw on the previously established auto pay, but the auto pay was denied; the District cashed the check. The Board approved the request.

8. Disaster Policy-Alternate Locations. The Board reviewed and approved a Disaster Policy authorizing the District to use alternate locations in the event of a disaster. Thereafter, the adoption of the following resolution was moved, seconded and unanimously approved, being entitled:

RESOLUTION NO. 2011-11-1

A RESOLUTION of the Board of Commissioners of Cross Valley Water District of Snohomish County, Washington, authorizing and directing the General Manager of the Cross Valley Water District to enter into Agreements with various cities or districts to provide for mutual assistance and the interchange and use of space for personnel with their own equipment in times of emergency; and declaring an emergency.

FAM Wagner reported that he and General Manager Hajek had met with the staff of Silver Lake Water and Sewer District who stated that they would look at the risks and get back to us.

9. Draft of Proposed Budget for 2012. FAM Wagner presented a draft of the District's budget for 2012. It projects net income after expenses of \$182,705. A discussion followed, and the Commissioners suggested several changes in the format.

10. SR9 from 212th Street to 176th Street Water Main Replacements. Engineer Hutley reported that as of a week ago, the contractor was fixing leaks on the service connections. General Manager Hajek reported that as of today all the lines have been pressure tested, and the purity test is being done now. Engineer Hutley reported that the contractor still needs to transfer the services; it is currently removing the old pipe. General Manager Hajek recommended that the Board approve a change order which is only for an extension of time. Thereafter, the adoption of the following resolution was moved, seconded and unanimously approved, being entitled:

RESOLUTION NO. 2011-11-2

A RESOLUTION of the Board of Commissioners of Cross Valley Water District of Snohomish County, Washington, approving Change Order No. 3 in contract with Buno Construction, LLC for the SR9 from 212th Street to 176th Street Water Main Replacements Project at no cost.

11. Cascade Materials. Mr. Kurt Bartelheimer, Manager, Cascade Materials arrived to address the Board regarding the District's concerns about his bio solids project. Mr. Bartelheimer first asked the Commissioners if they had any questions. Commissioner Kuehn asked what Class

B bio solids are and where do they come from. Mr. Bartelheimer explained that you can buy Class A bio solids at any retailer such as Home Depot. Class B bio solids have to be 99% pathogen free, which means they have 1% of pathogens, which is regulated by DOE. General Manager Hajek asked if there are live viruses in the bio solids, and Mr. Bartelheimer answered affirmatively, and explained that is the reason the County permit to spread them is required. He explained that he included 1700 acres in his application, because it is expensive to apply for the permit; he added that he currently only spreads the bio solids over 100 acres in any given year. Commissioner Kuehn asked if he had spread the bio solids over the CWSA's easement for the pipeline, and he replied that he did not last year, but did the year before. He also explained that the depth of the bio solids is 1/16". In response to his question about the depth of the line, General Manger Hajek stated that it varies, but the minimum depth is 4'. He stated that the regulations require that access to the site be restricted for 30 days. Mr. Bartelheimer stated that he does post signs notifying people of the restrictions. Commissioner Cassell stated that he believes that something can be worked out to solve the problem. He suggested that Mr. Bartelheimer meet with the CWSA. Commissioner Schott stated that the District is one of three districts in the group, and the other two are Alderwood and Silver Lake. Commissioner Kuehn asked GM Hajek if it would be OK to spread the bio solids along Lowell Larimer Road, and he replied affirmatively as long as he stays 50' from the property line. Mr. Bartelheimer explained that his family are farmers, and they been doing this for years to fertilize their land. He stated that he could work with the District and avoid spreading the bio solids in the area of the pipeline. General Manager Hajek suggested that he meet with the CWSA, and he agreed. GM Hajek gave Mr. Bartelheimer his card and requested Mr. Bartelheimer contact him with some dates and

times to meet. Thereafter Mr. Bartelheimer left the meeting.

12. Sno-King. General Manager Hajek attended the recent Sno-King meeting. The budget and contract for 2012 were reviewed, as was the legislative agenda. Covington presented a graph of how much excise tax it has paid, and how much it has gotten back from PWTF loans. The next meeting will be at the District on December 12, 2011.

13. WASWD Section 3. Commissioners Kuehn and Cassell and GM Hajek attended the Section 3 meeting on November 8, 2011. There was a program on alternatives for bio solids management. Don Montfort is managing the Association until a new manager can be hired. The Commissioners workshop will be held January 28, 2012, and the Water and Sewer Risk Management Pool will pay for Commissioner Kuehn's attendance. GM Hajek will register Commissioner Kuehn. The Commissioners reviewed the directory and made no changes.

14. CWSA Meeting. General Manager Hajek reported that there will be a CWSA meeting tomorrow. At the last meeting a change order in the amount of \$90,000 was approved for the pump station repair.

15. Washington State Risk Management Pool. General Manager Hajek reported that he attended the semi-annual meeting of the Washington State Risk Management Pool; Commissioner Schott also attended representing the Clearview Water Supply Agency.

16. Luschen Property. General Manager Hajek reported that the deed to the Luschen property conveying it to the lender was recorded. The District had collected funds from the lender to pay the delinquent taxes, but they had been paid. The key to the house will be mailed to the lender.

17. MWPPAAC. Commissioner Cassell attended the recent MWPAAC meeting. There was

a discussion about reclaimed water, and a draft of a letter about the Culver Fund was reviewed.

18. Lowell-Larimer Water Supply Project Phase 2. General Manager Hajek reported that the bid opening for Lowell-Larimer Water Supply Project Phase 2 was held on October 21, 2011. He requested that the Board ratify the award of the bid to Strider Construction. Thereafter, the adoption of the following resolution was moved, seconded and unanimously approved, being entitled:

RESOLUTION NO. 2011-11-3

A RESOLUTION of the Board of Commissioners of Cross Valley Water District of Snohomish County, Washington, approving ratifying the award of the contract for the Lowell Larimer Water Supply Project, Phase 2 to Strider Construction Co., Inc. in the amount of \$845,149.09.

19. Customer Correspondence. The Board reviewed an email from Jen Weyand and GM Hajek's email in reply. She requested waiver of a \$30 returned item fee. She complained about her conversation with FAM Wagner. FAM Wagner explained that Ms. Weyand's credit union could not find her account because she did not put the complete account number in. FAM Wagner reported that on previous payments she had entered the entire account number. Her request was denied. FAM Wagner returned later in the meeting with the language on the District's website notifying customers that they must put in the entire account number, or a returned item fee of \$30 will be assessed.

20. Customer Correspondence. General Manager Hajek reported that Cindy Anderson had phoned and thanked Carrie for her good service; staff called her back, but was unable to get more information.

21. Customer Correspondence. General Manager Hajek presented an email from Maureen Payton who had repossessed a rental house, and was complaining about having to pay late charges. OL Dryden sent her a responsive email giving her a break down of all the charges on the account.

22. Election Cost. General Manager Hajek stated that the cost of the primary election was \$11,937.94; the cost of the general election has not as yet been submitted to the District.

23. Void Checks in Accounts Payable. The Commissioners approved voiding of the checks in accounts payable, a list of the same being attached hereto and incorporated in full herein.

24. Next Meeting. General Manager Hajek stated that the next meeting will be December 20, 2011.

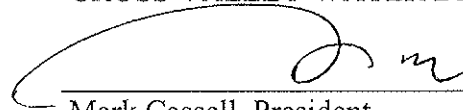
25. Approval of District's Claims. Vouchers had been prepared for payment against the maintenance, construction and bond funds of the District, and on motion duly made and seconded, were unanimously approved for payment, a list of the same being attached hereto and incorporated in full herein.

1.	Claim Nos.:	20111101 through 20111103
	Total Amount:	\$11,291.55
2.	Claim Nos.:	20111104
	Total Amount:	\$32,128.43
3.	Claim Nos.:	20111005 through 20111007
	Total Amount:	\$11,151.70
4.	Claim Nos.:	37346 through 37375
	Total Amount:	\$186,216.62
5.	Claim Nos.:	37376


	Total Amount:	\$306.70
6.	Claim Nos.:	37410 through 37442
	Total Amount:	\$106,167.50
7.	Claim Nos.:	6644 through 6657
	Fund:	Payroll
	Total Amount:	\$20,590.72
12.	Claim Nos.:	6658 through 6668
	Fund:	Payroll
	Total Amount:	\$19,245.51

THERE BEING NO FURTHER BUSINESS to bring before the Board, the meeting was adjourned.

CROSS VALLEY WATER DISTRICT



Mark Cassell, President



Warren E. Schott, Jr., Secretary



Chris Kuehn, Commissioner