

**OLYMPUS TERRACE SEWER DISTRICT-MUKILTEO WATER DISTRICT
JOINT BOARD OF COMMISSIONERS
SPECIAL MEETING
June 28, 2006
MINUTES**

1. CALL TO ORDER:

The special joint meeting of the Olympus Terrace Sewer District and Mukilteo Water District Board of Commissioners was held at the Mukilteo Water District office on May 31, 2006, at 7:10 p.m. Present at the meeting were Olympus Terrace Sewer District Commissioners Dick Andrews, Ed Caine and Tom Rainville; Mukilteo Water District Commissioners Mike Johnson, Bill Allison and Tom Rainville; David Findlay with FCS Group; Olympus Terrace Sewer District staff Patrick Sorensen, and Sue Parks; and Mukilteo Water District staff Dan Hammer, Mary Merriam, Rick Matthews, Jodi Tellefson, Brian Munson and Jared Alexander.

2. APPROVAL OF AGENDA:

The agenda was approved by both boards.

3. INTRODUCTIONS:

Mukilteo Water District Commissioner Mike Johnson asked that all staff members in attendance introduce themselves.

4. FURTHER STUDY MERGER:

Andrews asked Findlay to go over the questions that were asked of him from the previous meeting. Findlay stated the first question regarded the difference between merger and consolidation. The process is the same, however the results are different. All ratepayers vote and there has to be two separate ballots. In a merger, the surviving district obligations remain the same, and the non-surviving district has to get approvals for all existing obligations and agreements. If the merged district ratepayers vote yes, and the surviving district ratepayers vote no, the law isn't clear on what happens. An interlocal agreement will address issues such as personnel, the organization, board size, etc. The second question regarded MWD's contracts with the City of Everett. A MWD to OTSD merger or a consolidation would trigger contract negotiations with the City of Everett. The agreement cannot be terminated without mutual consent of both parties. Rainville asked if the City of Everett could stop either a consolidation or a MWD to OTSD merger. Findlay stated yes, but they couldn't unreasonably withhold approval. Caine asked if the timeline is different between a merger and consolidation. Findlay answered that it shouldn't, unless the City of Everett chose to drag out the process. Findlay also stated there were no financial savings in personnel, because there would be no reduction in the workforce.

Findlay went through the merger issues to resolve. An interlocal agreement is key, as well as board size. Discussion followed. Findlay said aligning benefits can be difficult. Caine asked when benefits are

addressed. Findlay said now, as well as reporting alignment. Discussion followed. Findlay stated the two general managers need to work out what they're going to do the day after the merger vote. Allison requested that only the general managers talk to the newspapers. Rainville asked if it had to go to vote if an interlocal agreement is signed. Findlay said it could be sidetracked before the vote. Comprehensive plan amendments need to be done. Basically MWD would have to do a rider to adopt the OTSD comp plan. Discussion followed. OTSD also needs a clear title of the old Mukilteo system. Discussion followed. Once the interlocal agreement is done, there should be a public meeting, before the issue goes before the Boundary Review Board. Findlay suggested using the interlocal agreement that was drafted in the early 1990's and making all pertinent changes. This could save time and legal fees. Timelines were discussed, including 3rd party approvals by OTSD.

5. DISCUSS PHASE II INTERLOCAL AGREEMENT:

Findlay discussed services he could provide. He stated his wife, who is qualified to do a benefits study, be considered for that portion of the work. It could save a substantial amount of time. Caine made a motion for OTSD that the board focuses on a merger into MWD. He requested approval to place discussion of an OTSD into MWD merger on the table. Rainville stated he feels MWD would like OTSD to merge into MWD. Discussion followed. Findlay stated the Memo of Understanding previously signed by both boards should be amended to move forward. Caine repeated his motion to focus OTSD's work to move toward a merger into MWD. It was seconded and approved. Allison repeated the motion for the MWD board. It was seconded and approved. Findlay said it was his understanding that the managers will get together to amend the Memo of Understanding. Andrews asked about a structure and timeline for the process. Findlay stated once the Memo of Understanding is done, the process can start immediately. A work plan needs to be put together, including personnel, third party agreements, and the City of Mukilteo. Discussion followed.

6. ESTABLISH FUTURE MEETING DATE:

A future meeting was not established until the managers can get together to amend the Memo of Understanding.

7. ADJOURN MEETING:

A motion was made by Tom Rainville of Mukilteo Water District to adjourn the meeting. It was seconded and approved. A motion was made by Ed Caine of Olympus Terrace Sewer District to adjourn the meeting. It was seconded and approved. The meeting adjourned at 8:55 p.m.

Richard G. Andrews
President

Edsel Caine
Vice President

Thomas H. Rainville
Secretary