

**MINUTES OF THE MEETING OF
COMMISSIONERS OF THE
SILVER LAKE WATER & SEWER DISTRICT**

May 13, 2021

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on May 13, 2021, beginning at 5:30 p.m. The meeting was held in hybrid format with Commissioners Anne Backstrom, John Warner, and Shauna Willner in person at the District Administration Building. Also present in person was General Manager Curt Brees. Attending by video conference were District Engineer Scott Smith, O&M Manager Ron Berger, and Technical Services Manager James Busch; William Linton with Inslee, Best, Doezie, and Ryder P.S., Attorney for the District; and Eric Delfel with Gray & Osborne, Inc. The public was provided access to participate in person or via teleconference, with the telephone number and access code published on the District's website and posted at the District Administration Building (regular meeting location).

1.) CALL TO ORDER:

Commissioner Backstrom called the meeting to order at 5:30 p.m.

2.) APPROVAL OF MINUTES:

The Minutes of the regular meeting of April 22, 2021 were unanimously approved as circulated.

3.) PUBLIC COMMENT:

There were no public present for comment.

4.) FINANCIAL MATTERS

a.) Payroll, Vouchers, and Revolving Fund Check(s) Approval

Following discussion of various matters, including the vouchers paid by the District, to the District, for utility services at District facilities, Payroll; Vouchers (Check No. 16636 - 16725) in the amount of \$653,733.12; Revolving Fund Checks (Check No. 7715 - 7767) in the amount of \$193,666.34, were unanimously approved and signed as follows:

Fund	Amount
Water Maintenance	\$287,383.28
Water Capital Improvement	8,042.97
Sewer Maintenance	241,643.16
Sewer Capital Improvement	116,663.71
Revolving Check Fund	193,666.34
Total	\$847,399.46

b.) Staff Report – First Quarter Financial Report

Mr. Brees provided a summary to the Board of Commissioners on a Staff report prepared by Mr. Nelson regarding the First Quarter Financial Report. The financial information

contained within the report are considered Pre-closing reports, which means the financial information does not include accrued information for revenues and expenses.

The District's First Quarter Pre-Closing Revenues from all sources are \$6,641,484. This was an increase of \$790,992 compared to the First Quarter of 2020. The most significant reason for this revenue increase was December's collection of \$1,182,149 of New Connection Fees and Bill of Sale. Charges for Service revenues increased only \$36,888, based mainly on increased residential water consumption during the First Quarter. Investment Income decreased \$165,157, as the yields on investments are at record lows. A chart was provided outlining the Total Revenues from 2020 and 2021. Additional tables were provided in the written report depicting; District's historic Bills of Sale (Donated Water and Sewer Systems) and New Connection Fee (Cash Paid by New Customers, General Facility Charge) revenues from 2014 to 2021.

The District's total expenses for 2021 were \$3,980,051, which is an increase of \$752,835.02 from the First Quarter of 2020. The largest operating costs continue to be purchased water and sewer treatment services, which total \$1,204,338. Staff noted that the significant increase in the First Quarter purchase water and sewer treatment services costs are mainly attributable with 2020 delayed billings from the City of Everett and Alderwood Water & Wastewater District. Staff provided a Table that outlined the invoice timing differences between 2020 and 2021 for all the purchased services accounts.

Currently, the District's Net Income through March 31, 2021 is \$2,661,632, which is a slight increase from 2020. The major reason for the change in Net Income is stronger New Connection – Bills of Sale revenues.

The District currently has nine accounts, out of 18,457 metered water connections, past due and with a property lien filed. The total past due amount of these nine accounts with a filed property lien is \$25,271.63. Since the COVID-19 Pandemic, Governor Inslee has issued a proclamation that discontinues service disconnections and late/delinquent fee assessments for past due customers. The Governor extended the moratorium for service disconnection to July 31, 2021. The District has continued to send bills, deferred payment reminder notices, and deferred shut off notices. While these continued notices have resulted in customer payments, the District has seen an increase in the number of customers three or more bill periods behind.

As of May 6, 2021, there were 282 accounts three or more bill periods past due, as outlined in a Table provided for review. The District has been mailing deferred payment reminder notices, deferred shut-off notices and special collections letters, which has resulted in solid collections of past due accounts. However, the number of customers past due three or more bill periods have increased by 85 accounts, for a total of \$62,165.78 since December's report.

The District's cash and investments totaled \$47,448,773.48, which was an increase of \$606,617.41 from March 31, 2020.

Included with the Financial Statements were the Capital Project Summary Reports for the District's various major Capital projects:

5.) DEVELOPMENT PROJECTS:

a.) Staff Report – DE Agreements for Bakerview Phase 2 Subdivision & Lift Station

Mr. Smith provided a summary to the Board of Commissioners on a Staff report regarding a DE Agreements for Bakerview Phase 2 Subdivision and Lift Station.

Phase 2 of the Bakerview project is for a 97-lot single family residential development on an undeveloped 40-acre parcel adjacent to the existing The Point subdivision. Phase 1 of the project, which consists of the installation of a water main and new fire hydrant for the site reclamation work, is currently under construction.

The Board had previously approved a Developer Extension for Phase 2 of the Bakerview project on November 14, 2019. Plan review had been progressing and was nearly complete.

However, the former developer, Pulte Homes, formally withdrew and cancelled the DE on September 8, 2020. The Phase 1 developer, P&GE, LLC, has submitted new DE application forms to continue work on the Phase 2 project.

With the new DE Application and Agreement Forms that were adopted on February 25, 2021, the lift station and onsite utility work are separate DE's since they have different review processes, timeline, contractors, insurance requirements, etc. The new DE agreement also allows a longer timeframe for project completion.

Approximately 3,330 feet of new 8-inch water main will be installed with the project and will loop between the existing The Point and Pinehurst subdivisions. A new sewer lift station will also be constructed onsite, along with approximately 2,400 feet of new gravity sewer main and 2,000 feet of force main. The discharge from the new lift station will be pumped uphill to the existing sewer main in 108th Street SE.

Staff requested the Board of Commissioners accept the Developer Extension Agreement Applications for the Bakerview Phase 2 Subdivision and Lift Station.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved and executed the Developer Extension Agreement Applications for the Bakerview Phase 2 Subdivision and the Bakerview Lift Station.

b.) Staff Report – DE Agreement for Deol Short Plat

Mr. Smith provided a summary to the Board of Commissioners on a Staff report regarding the DE Agreement for Deol Short Plat.

The proposed project is for a six-lot single family residential development, which will replace one existing house on two parcels.

The Board had previously approved a Developer Extension for this project on January 9, 2020. Plans have been reviewed and approved, but construction has not started. The current DE will expire on May 19, 2021, and the developer has submitted a new DE application.

The existing topography on the site slopes downward to the west. The developer will connect to the existing sewer main in Sunset Road and extend a new sewer main approximately 180 feet to the east to provide sewer service. A new fire hydrant will be installed along the frontage, and a new water main extended to the east.

Staff requested the Board of Commissioners accept the Developer Extension Agreement Application for the Deol Short Plat.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved and executed the Developer Extension Agreement Application for the Deol Short Plat.

c.) Staff Report – DE Agreement for Highland Park Townhomes

Mr. Smith provided a summary to the Board of Commissioners on a Staff report regarding the DE Agreement for Highland Park Townhomes.

The proposed project is for a 42-unit townhome development on an undeveloped parcel next to the District's Lift Station No. 3 site. Approximately 750 feet each of new water and sewer main will be installed in the development, and there is an existing 12-inch sewer main running across the site that will need to be relocated.

The District may also choose to participate with the developer on two potential system improvements: (1) An offsite water main connection to loop an existing dead end and replace a high maintenance 4-inch cast iron pipe in the adjacent cul-de-sac, and (2) Install a portion of a new sewer force main onsite as part of the Lift Station No. 3 Force Main Replacement Project, which is project No. LS-10 in the Wastewater Comprehensive Plan CIP list.

A separate Participation Agreement will be brought to the Board for approval if District staff recommends moving forward with the combined work.

Staff requested the Board of Commissioners accept the Developer Extension Agreement Application for the Highland Park Townhome project.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved and executed the Developer Extension Agreement Application for the Highland Park Townhome project.

d.) Staff Report – City of Everett to Provide Sewer Service to District Customer

Mr. Brees provided a Staff report to the Board of Commissioners regarding the City of Everett to provide sewer service to District customer.

Due to the irregular boundary between the District and City of Everett formed by annexations, there are a several areas where gravity sewer mains of the District flow to City mains before flowing into the Southend Interceptor. In a small number of cases, a District customer's side sewer will flow directly to a City main. Typically, this occurs upon a boundary, such as where one side of the street is within the City's service area while the other side is within the District. Conversely, in a small number of cases, a City customer has connected to the District's sewer main.

The interlocal agreement lacks detail on how these connections are to be handled from a process and connection fee perspective. In review of past practice of these connections, in some cases, a fee has been exchanged and in others there has been no fee for the connection. For operational charges (monthly service) it is easy to apply the existing agreement to the situation, and the connection is tracked and reported the same as all other connections.

The need to coordinate for one of these connections has recently arisen where an existing home in the District, on a failing septic system, desires to connect to sewer. There is no District main, but a City main is in the frontage of the property and there is an existing side sewer stub to the property. There is no foreseeable need for the District to require this customer to extend the sewer main to serve other customers in the future; therefore, District staff sought to coordinate with City staff to permit the direct connection of the customers side sewer to the stub.

In these discussions, City staff took the position that the City's Connection Fee should be assessed, and the General Manger disagreed based on the interlocal agreement between the agencies that defines a flow/capacity right within the Southend Interceptor and the Wastewater Treatment Plant. Like other discussions with City staff, we were not able to come to agreement on either of these positions and have arrived at a compromise. In this compromise, the District will permit (by letter authorization) the District customer to connect to the City system. The customer will pay fees as determined by the City, directly to the City. The customer will become a flat rate/unmetered sewer connection of the City and remain a water only connection of the District. The District will not report or pay an operational charge to the City for this customer.

This will not establish a precedence. Any future inquiry for sewer service seeking to connect directly to a City main will be reviewed on a case-by-case basis.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners authorized staff to prepare a letter authorizing the City of Everett to provide sewer service to a property in the District located at 1314 122nd Street SE, Everett, 98208, Tax Parcel # 00575400006600.

6.) MAINTENANCE & OPERATIONS REPORTS:

a.) Staff Report – Sewer Repair (Heritage Lane)

Mr. Berger reviewed recent repairs made by the District crews on a sewer mainline that was fractured. This pipe segment had been inspected during the contract CCTV inspections that were performed last year. District staff are currently reviewing the inspection files and videos to prioritize repairs. During the review, it was determined that this pipe defect was

more severe than the priority the contractor assigned, and immediate repairs were required. The cause of the pipe damage was unknown, and we were not able to make a determination during repairs. Mr. Berger shared photos of the repair work that is now complete.

b.) Cancel Regular Board Meeting for June 10, 2021

The Board of Commissioners reviewed the upcoming meeting schedule and determined that the regular meeting scheduled for June 10, 2021, at 5:30 p.m., should be canceled and rescheduled, as a quorum of the Board and the General Manager are not available on this evening.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners canceled the regular Board meeting scheduled for June 10, 2021, at 5:30 p.m.

c.) Set Special Board Meeting Date for June 8, 2021

The Board of Commissioners reviewed the calendar for June and determined that the first meeting of June should be held on Tuesday, June 8, 2021, at 5:30 p.m.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners set a special meeting date for Tuesday, June 8, 2021, at 5:30 p.m.

7.) STAFF REPORTS:

a.) District Engineer:

Mr. Smith reported that Hawk Radosevich will be returning to the District in the position of Engineering Intern for a second summer. Hawk has recently completed his degree in Mechanical Engineering from the Washington State University. Several projects have already been identified for Hawk to work on.

Mr. Smith provided a brief status report on three capital projects that will soon begin construction.

b.) O&M Manager:

No further report.

c.) Technical Services Manager:

Mr. Busch reported that the Technical Services group has held a kickoff/training meeting with the vendor for the District's new network vulnerability scanning software/service.

d.) Attorney:

Mr. Linton noted that the CDC has issued new guidelines regarding the wearing of masks for fully vaccinated individuals.

e.) General Manager:

Mr. Brees reported that the District's Spring/Summer Newsletter draft has been completed. A draft copy was circulated for review. The Newsletter will be reviewed and finalized over the next week so that it can be printed and mailed in early June. The Newsletter contains a detailed article on the District's new rates, explaining why rates are increasing.

Mr. Brees reviewed two recent meetings conducted by WASWD addressing Long Term Care (LTC) insurance and a report on the recent Legislative Session. Mr. Brees provided details on several positive outcomes from the Legislative Session for Water and Sewer Districts, including funding for the Public Works Trust Fund.

This ends the Minutes of the May 13, 2021 regular meeting. The following signature page is a scanned image of the original signature page of the Minutes and certifies these are the approved Minutes by the Secretary of the Board.

Minute Certification

I, the undersigned, Secretary of the Board Commissioners of Silver Lake Water and Sewer District, Snohomish County, Washington (the "District"), hereby certify as follows:

1. The attached copy of the Minutes of the Meeting of Commissioners (the "Minutes") is a full, true and correct copy of the Minutes of the May 13, 2021 regular meeting of Commissioners, duly adopted at a meeting of the Board of Commissioners of the District, held at the regular meeting place thereof on May 27, 2021 as these Minutes appear on the Minute book of the District; and;

2. A quorum of the members of the Board of Commissioners was present throughout the meeting and a majority of those members present voted in the proper manner for the approval of these Minutes.

IN WITNESS WHEREOF, I have hereunto set my hand this, 27th day of May 2021.

**SILVER LAKE WATER AND SEWER DISTRICT
SNOHOMISH COUNTY, WASHINGTON**



Shauna Willner, Secretary