

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

December 10, 2020

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on December 10, 2020, beginning at 5:30 p.m. Attending by video conference, were Commissioners Anne Backstrom, John Warner, and Shauna Willner. Also present by video conference were General Manager Curt Brees, District Engineer Scott Smith, O&M Manager Ron Berger, Technical Services Manager James Busch, Finance Manager Brad Nelson; William Linton with Inslee, Best, Doezie, and Ryder P.S., Attorney for the District, Eric Delfel with Gray & Osborne, Inc., and Katy Isaksen (Katy Isaksen & Associates). The public was provided access to participate via teleconference, with the telephone number and access code published with a Notice of Public Hearing in the Everett Herald on December 3rd, 2020, 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 meeting of November 24, 2020 were unanimously approved as circulated.

3.) PUBLIC COMMENT:

There were no public comments.

4.) Public Hearing Water and Sewer General Facilities Charges:

a.) Staff Report – Water and Sewer General Facilities Charges

Mr. Brees provided a summary of how public notice of the hearing was provided and detailed the process steps for conducting the hearing.

Mr. Nelson provided a verbal summary to the Board of Commissioners on a Staff report regarding the Water and Sewer General Facilities Charges (GFC). GFCs are the charge for all new and upsized water and sewer connections. In addition, new water and sewer connections also pay a water permit, based on meter size, and a side sewer inspection, based on the number of inspections. General Facility Fees are authorized by RCW 57.08.005 (11) and represent the new customer paying their share of the utility system in place and future projects.

The District contracted with Katy Isaksen and Associates to conduct a 2020 Utility Rate Study and General Facility Charge (GFC) Study. The last Utility Rate and General Facility Studies were completed in 2011, after the adoption of the 2010 Water and Sewer Comprehensive Plans. The Board of Commissioners reviewed the consultant's work on May 28, 2020, October 22, 2020, and November 12, 2020. The Board directed staff to schedule a public hearing and draft a resolution to adopt the new Water and Sewer General Facility Fees with one-half of the increase for both sewer basins, effective January 1, 2021, and the second one-half of the increase effective January 1, 2022.

In addition to the new fees, the District clarified and redefined some customer classes and updated the costs of obtaining a new water permit and side sewer inspection based on current costs. Staff attached a Table that outlined the recommended costs for a water permit and side sewer inspection. These costs have not been updated since before 2010.

Katy Isaksen with Katy Isaksen & Associates reviewed the Water and Sewer GFC Analysis report with the Board of Commissioners. Ms. Isaksen detailed the methodology that was used to calculate the utility and basin specific charges that are recommended. The report recommended three specific fees; the water utility GFC, which is applicable to all new or upsized connections to the District's water system, and two sewer utility GFCs. These fees are defined per Equivalent Residential Unit (ERU) which is a means to benchmark all customer classifications in terms of impact or demand on the utility system against a typical residential dwelling unit. The sewer utility has a basin specific to the Everett Wastewater Treatment Plant (Everett Basin) and the Alderwood Basin where sewer flows to King County treatment plants after being conveyed through a portion of the Alderwood Water & Wastewater District's collection system.

The recommended change in the Water utility's GFC is a 14% increase per Equivalent Residential Unit (ERU), where the current fee is \$3,540, and the recommended new fee would be \$4,028. This is not a significant change given that it's lower than the rate of inflation for the period that the rate has been in effect. Ms. Isaksen's report included a table that showed that if the District were to implement the recommended fee, the District's GFC would still be one of the lowest amongst peer agencies to the District.

The recommended change in the Sewer utility's GFC is significant, nearly doubling from \$4,540 per ERU to \$9,135 per ERU. Ms. Isaksen reviewed the calculation of this increase with the Board of Commissioners noting that most of the capital projects included in the Comprehensive System Plan are in the Everett Basin with major projects planned at the Everett Treatment Plant and the District's collection system. Additionally, there is a much higher cost basis for the existing plant in service in this basin, that new customers should pay in order to for there to be equity with the existing customers. The rates for the Alderwood Basin were similarly reviewed. The change in this basin is less significant, an increase of \$1,315 per ERU. Ms. Isaksen noted that new connections in the Alderwood Basin will be assessed a separate capacity charge by King County.

Ms. Isaksen reviewed the implementation option that had been selected by the Board of Commissioners when the draft fees were reviewed on November 12, 2020. As the increase to the Water GFC is lower than inflation, no alternatives were evaluated. It is recommended that the new Water GFC be implemented in full, effective January 1, 2021. For the Sewer GFC, the new GFC will be implemented in two increments January 1, 2021, with full implementation on January 1, 2022.

Following Ms. Isaksen's presentation, Mr. Nelson reviewed other recommended service fee adjustments. Several changes are recommended to the permit and inspection fees, these represent actual costs. Staff provided a detailed cost review for these services as an attachment.

Mr. Nelson next reviewed clarifications of customer classes, including recognition of the recent changes in state law and the building code that have necessitated a provision for flow through fire meters that uses one water meter to provide domestic and fire flow for residential uses. These Combo Fire/Domestic meters will be required to be 1"; however, the larger size is due to the fire service requirements. Staff recommended that these upsized water meter's General Facility Fee be priced at their 5/8" Residential Class (\$4,025) and 5/8" Fire Costs (\$210). The Sewer General Facility for both basins will follow the water meter demand size. A water meter sized at 1" to meet a customer's water and sewer demand, without fire services, will continue to be priced at its Factor Ratio (Meter Size) or ERU requirements.

Other Clarifications included:

Residential Customer Class

The Residential customer class has been expanded to include townhouses, duplexes, and individually served/owned mobile homes with either a 5/8", 1", or 1" (Fire Meter Combo).

Multifamily Customer Class

The Multifamily customer class has been expanded to include townhouses, apartments, condos, live/work units with three or more units that are served by a master meter.

Condominium Definition

Continues to provide a definition for condominiums, but recognizes the term is mainly used for land use regulations that defines a wide range of structures and ownership options but will not be used solely by the District to determine a customer's class.

Multifamily Live/Work Unit Class

Recognizes that some multifamily structures are designed to include some or all units as "live/work" units. Live/work units would be charged 1 ERU/Factor ratio rather than the .70 ERU/Factor ratio that regular Multifamily units are charged.

Industrial Customer Class

Creates a definition for Industrial customer class within the Commercial class and outlines that an industrial customer would be required to negotiate the Sewer General Facility Charge based on their sewer discharge strength; that they may have additional General Facility Charge/Capacity Fees assessed by the underlining sewer treatment provider, and that the minimum negotiated Sewer GFC cannot be less than the respective commercial General Facility Fee based their ERU ratio.

Accessory Dwelling Units

Continues the policy that additional dwelling units or Accessory Dwelling Units (ADU) are charged a General Facility Fee; however, it creates two subclasses of ADU depending on an ADU 800 SF or less and those more than 800 SF. It expands the definition to provide more clarity to the connections, including some examples based on recent customer connections. Also requires one existing Single-Family connection for the ADU to be associated with. It should be noted that three ADU will have other potential customer requirements for cross connection.

Duration

Provides 180 days of time for a connection to take place. Customers that have issued water and/or sewer permits longer than 180 days will have to pay any higher General Facility Fees. The District has about six very old permits outstanding and the District will mail letters to these customers informing them of the change in duration.

Non-Transferability

Continues the District's existing policy that connections are not to be transferred to other properties.

Upsize or Customer Class Credit

Allows an existing customer to receive a credit on their existing water or sewer connection when they need to upsize or change a customer class; however, staff is recommending a change that would value the customers upsize credit based on their District's existing connection rather than the General Facility Fee they paid when the connection was made. This change in methodology recognizes value of the customer's connection in today's terms and recognizes the service rates they have been paying since their connection.

General Manager or Designee – Authority to Determine Customer Class

The building and land use environment is highly dynamic with changes that happen more frequency that the District's ability to update the General Facility Fee definitions. This provides the General Manager or designee, with the authority to determine a customer class that might not define or meet most of the definition of the respective customer class.

b.) Public Hearing

Commissioner Backstrom opened the Hearing at 5:50 p.m. She asked that all parties in attendance that wish to testify identify themselves.

As there were no members of the public in attendance to provide testimony or ask questions, Commissioner Backstrom closed the Public Comment portion of the Hearing for testimony.

Following discussion, the Board was invited to ask questions or provide testimony. When there was no further questions or testimony, the Commissioners deliberated, and the Hearing was closed at 5:55 p.m.

c.) Resolution No. 802 – Adopting General Facilities Charges

Mr. Nelson provided a summary to the Board of Commissioners on a Staff report regarding Resolution No. 802-Adopting General Facilities Charges.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved and executed Resolution No. 802 – Adopting General Facilities Charges.

5.) 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.15995 -

16060) in the amount of \$1,744,155.03; Revolving Fund Checks (Check No. 7464 -7521) in the amount of \$187,192.40, were unanimously approved and signed as follows:

Fund	Amount
Water Maintenance	\$256,767.96
Water Capital Improvement	562,264.01
Sewer Maintenance	777,926.75
Sewer Capital Improvement	147,196.31
Revolving Check Fund	187,192.40
Total	\$1,931,347.42

b. Staff Report – 2021 Salary and Wages

Mr. Nelson provided a summary to the Board on a Staff report regarding the 2021 Salary and Wages and Resolution No. 803 – 2021 Salary and Wage Table.

The Board of Commissioners establishes a District Salary and Wage Table and other basic employee payments annually, by resolution. On December 12, 2019, the Board of Commissioners adopted Resolution No. 785 which approved District Salary and Wages.

On October 22, 2020, the Board of Commissioners discussed the 2020 Salary and Wage Report, and directed staff to prepare a resolution to increase the monthly benefit stipend \$25.00 to address the increased cost of medical coverage, provide authority to the General Manager to provide additional on-call backup coverage for the District’s Standby Program, and adjust the existing Salary and Wage Table by inflation.

On November 12, 2020, the Board of Commissioners adopted Resolution No. 801, which increased the monthly benefit stipend to \$2,240 per month. Since the medical insurance rates are reflected in the December payroll, the effective date to the benefit stipend change is for the December 2020 payroll.

On November 24, 2020, the General Manager recommended changes to individual employee compensation levels based upon merit. The October 2019 - October 2020 CPI-W for the Seattle Metropolitan area is 2.112%. The Board of Commissioners directed staff to adjust the Salary Range Table by 2.112%. The Board also authorized the General Manager to change position titles and the salary ranges for the three Utility Lead positions to three Utility Supervisor positions and for the Executive Assistant to a new title of Administrative Services Manager. The Commissioners were provided new position descriptions for the Utility Supervisors and Administrative Services Manager as an addendum to the meeting packet. The salary range analysis for the Utility Supervisor positions is \$81,528 to \$119,846 annually. The District was able to find nine comparable positions with a standard deviation slightly above 5%. The analysis shows the median, average, and 85% – percentile of the peer agency salary ranges. The District has an established pay methodology to be a “preferred” employer and establish the range within the 85% percentile with a range of 47% between the low and high range, with the high range being used to establish the range. There were not enough salary ranges for the Administrative Services Manager to complete an analysis. Staff is recommending setting this position’s salary at the range for the Utility Supervisors.

A Table was provided that reflects the forecasted total salary and benefit costs based on the General Manager’s salary recommendation, the CPI-W adjustment, and the other changes

outlined in the 2021 Salary and Wage Report. The total forecasted increased labor costs for all changes is \$379,306.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved and executed Resolution No. 803 – Amending Chapter 3.10, Entitled “Employee On-Call and Overtime Rules”, and Chapter 3.13, Entitled “Employee Classifications and Salary Ranges”, of the District Code.

6.) DEVELOPMENT PROJECTS

a.) Staff Report – Calcutta Lane Developer Extension

Mr. Smith presented a verbal summary to the Board of Commissioners of a Staff report, Project Vicinity and Utility Maps, and Preliminary Plan Sheet, regarding the Calcutta Lane Developer Extension Agreement.

The proposed project, located at 2625-132nd Street SE, is for a water and sewer extension on a new nine lot development. The existing SFR on the lot will be torn down, the septic field decommissioned, and the water service removed.

The scope of the District’s water extension work would be to connect to the existing 12” main in 132nd Street SE and install approximately 350 feet of new water main in the drive aisle. During the plan review phase, staff will consider whether to require a stub for a future looped connection to the west if those parcels redevelop.

Sewer would connect to an existing main on the southeastern property line and flow eastwards, ultimately ending up at the Pioneer Trails Lift Station. District staff will work with the developer and property owners to incorporate sewer connections to the west to prevent those parcels from being landlocked in the future.

Staff requested the Board of Commissioners accept the Developer Extension Agreement Application for the Calcutta Lane project.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners accepted the Developer Extension Agreement application for the Calcutta Lane Sewer Extension project.

7.) CAPITAL IMPROVEMENT PROJECTS

a.) Staff Report – Waldenwood Lift Station – Pay Estimate No. 15

Mr. Smith provided a Staff report and Gray & Osborne’s Pay Estimate No. 15 to the Board of Commissioners, regarding the Waldenwood Lift Station.

The District awarded the Waldenwood Lift Station Replacement Project to McClure and Sons (MSI) on June 6, 2019. Previous pay estimates have been approved by the Board monthly. Change Order No. 1 was approved by the Board on June 25, 2020, and Change Order No. 2 was approved on October 8, 2020.

Operational commissioning of the new lift station occurred over the Thanksgiving holiday period and was accepted by the District on December 2, 2020. PUD disconnected power

to the existing lift station on December 3, 2020, and the removal of the old facility is underway by the contractor.

One final Change Order will be brought to the Board for approval in early 2021 to wrap up several minor outstanding work items.

Major work included in this pay estimate primarily consists of another 2.82% of the lift station replacement lump sum, along with one item from Change Order No. 2 and some additional small percentages of unfinished lump sum items such as shoring, traffic control, and dewatering.

Staff requested the Board of Commissioners approve Monthly Pay Estimate No. 15 for work completed in November, in the amount of \$119,467.70.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved Monthly Pay Estimate No. 15 in the amount of \$119,467.70.

b.) Staff Report – Quarterly Update on Capital Projects

Mr. Smith provided a Staff report to the Board of Commissioners on the Quarterly Update on Capital Projects.

The planned future projects in the District's Capital Improvement Plan (CIP) are listed in Chapter 8 in both the Water and Wastewater Comprehensive Plans, and the 2020 Work Plan was approved by the Board on March 12, 2020. Since then, the Board has approved several new contracts with various consultants and vendors, and work is ongoing on most projects.

Staff provided a detailed update on the status of current CIP Projects at the Board meeting on August 27, 2020. A quarterly update was requested by the Board and attached to this report was an updated Status Matrix for the 4th Quarter of 2020. The Status Matrix also includes Developer Participation Projects, where the developer is essentially completing a CIP Project for the District during DE construction.

Also included for future workload planning, was a matrix of longer-range projects between 2021 and 2025. Next year will be busy, with four construction projects going out to bid in winter and spring, along with finishing the design of two new lift stations. Smaller projects, DE participation, and interagency work, will also be ongoing throughout 2021.

8.) MAINTENANCE & OPERATIONS:

a.) Staff Report – 2021 District Calendar of Meetings and Holidays

Mr. Brees provided a Staff report to the Board of Commissioners regarding the 2021 District Calendar of Meetings and Holidays.

For the Boards consideration, staff recommended using two of three District Floating Holidays as All-District Staff Floater Days, on the following dates:

- **Friday, July 2, 2021**
The District's office would be closed on Friday, July 2, 2021 (Floater) and Monday, July 5, 2021 (Holiday).
- **Monday, December 27, 2021**
The District's office would be closed on Friday, December 24, 2021 (Holiday), and Monday, December 27, 2021 (Floater).

In November 2021, there are two Board Meetings that land on holidays; Veteran's Day is on Thursday, November 11, 2021, and Thanksgiving Day is on Thursday, November 25, 2021. For these two dates, the regular Board of Commissioners meetings could be rescheduled as special meetings on the Tuesday or Wednesday before each of these meetings.

Staff recommended the Board of Commissioners, by motion, to reschedule the regular Board of Commissioners Meeting scheduled for Thursday, November 11, 2021 at 5:30 p.m., to Wednesday, November 10, 2021 (special meeting), at 5:30 p.m.; and to reschedule the regular Board of Commissioners Meeting scheduled for Thursday, November 25, 2021 at 5:30 p.m. to Tuesday, November 23, 2021 (special meeting), at 5:30 p.m.

Following discussion, by motion made, and carried unanimously, the Board of Commissioners approved the use of two of the three Floating Holidays as All-District Staff Floater Days; one on Friday, July 2, 2021 and the other on Monday, December 27, 2021; leaving one Floating Holiday for each staff to use on their own.

Following discussion, by motion made, and carried unanimously, the Board of Commissioners approved rescheduling the regular Board Meeting of November 11, 2021 to Wednesday, November 10, 2021 (special meeting), at 5:30 p.m.; and to reschedule the regular Board Meeting of November 25, 2021 to Tuesday, November 23, 2021 (special meeting).

9.) **STAFF REPORTS:**

a.) **District Engineer:**

No further report.

b.) **Finance Manager:**

Mr. Nelson provided updates to the Board of Commissioners on several matters including: reporting that funds had been transferred from the District's investment account to the operating account to meet current obligations, an update on the status of past due accounts, reporting that the two accounts sent Intent to File Lien notices have resolved their delinquencies, summarizing contacts from landlords regarding tenant delinquencies, summarizing contacts by commercial customers unable to make current payment due to closure orders, reporting that the Alderwood Water & Wastewater District had paid approximately \$111,000 in connection fees to the District for new connections that are tributary to the District's system, and that the City of Everett has been billed for shared services according to the Interlocal Agreement.

c.) **O&M Manager:**

Mr. Berger provided a report and presented photos detailing a sewer repair that was completed by the District's field crews this week. The pipe defect was discovered in the 21 Oaks neighborhood while performing regular maintenance on a concrete sewer line. Pipe wall material was discovered during flushing. A contract TV inspection crew then discovered the location of the defect that was subsequently repaired by the District crews.

d.) **Technical Services Manager:**

No further report.

e.) **Attorney:**

Mr. Linton reported the District is not currently a party to any litigation. Additionally, Mr. Linton reported that he will be unavailable next year in the month of June and has designated a contact during this absence.

f.) **General Manager:**

Mr. Brees reported that the Governor has issued extensions to the proclamations pertaining to provision of essential utility services (maintaining service regardless of payment status) and the open public meetings act. Currently, these are extended until mid-January. Mr. Brees reported that the District has received notice from T-Mobile, a successor to Clearwire that they intend to terminate a lease at Reservoir No. 4. There may be a security deposit, dating back to 2006 in the amount of \$15,000, that is payable by the District that is being looked into. Mr. Brees provided an update on potential COVID-19 exposure of District staff by a Consultant working at District facilities November 18-20. Ten District employees were identified to having some contact with the Consultant, all quarantined, were tested and returned to work following the negative test results.

This ends the Minutes of the December 10, 2020 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 December 10, 2020 regular meeting of Commissioners, duly adopted at a special meeting of the Board of Commissioners of the District, held at the regular meeting place thereof on December 22, 2020 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 22nd day of December 2020.

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



Shauna Willner, Secretary