

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

October 14, 2021

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on October 14, 2021, beginning at 5:30 p.m. The meeting was held in hybrid format with Commissioners Anne Backstrom and John Warner, in person at the District Administration Building. Also present in person was General Manager Curt Brees. Attending virtually was Commissioner Shauna Willner, O&M Manager Ron Berger, Finance Manager Brad Nelson, 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 September 23, 2021 were unanimously approved as circulated.

**3.) PUBLIC COMMENT:**

There was 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, Vouchers (Check No. 17237 - 17315) in the amount of \$1,783,661.72; Revolving Fund Checks (Check No. 8094 - 8152) in the amount of \$151,849.00, were unanimously approved and signed as follows:

<b>Fund</b>	<b>Amount</b>
Water Maintenance	\$298,742.73
Water Capital Improvement	108,551.96
Sewer Maintenance	1,366,007.42
Sewer Capital Improvement	10,359.61
Revolving Check Fund	151,849.00
<b>Total</b>	<b>\$1,935,510.72</b>

**b.) Staff Report – 3<sup>rd</sup> Quarter Financial Reports**

Mr. Nelson provided a Staff report to the Board of Commissioners regarding the 3<sup>rd</sup> Quarter Financial Reports.

The Board of Commissioners are provided a Quarterly Financial Report that outlines the District's financial information for the quarter and the year. 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 Third Quarter Pre-Closing Revenues from all sources are \$23,200,572. This was an increase of \$4,763,521 compared to the Third Quarter of 2020. The most significant reason for this revenue increase was collection of an additional \$3,125,4560 for Charges for Services and \$1,537,9427 on New Connection Revenues. The increased Charges for Service revenues are mainly due to the 2021 Rate adjustment and a significant increase in water consumption by customers this summer. Investment Income decreased \$230,821, as the Federal Reserve Bank continues to maintain low interest rates. A Table was provided to the Board that outlined the Total Revenues from 2020 and 2021. Additional charts and tables were provided that outlined the District's historic Bills of Sale (Donated Water and Sewer Systems) and New Connection Fee (Cash paid by New Customers, General Facility Charges) revenues from 2014 to 2021.

Special Connection Fee collections are not included with the data since they represent repayment for District ratepayer's cash investments in projects. The District has collected \$91,208.90 in Special Connection Fees so far in 2021. A Table was provided that outlines the District's collections of Special Connection Revenues since their inception.

The District received \$2,173,742 more in Water Service Revenues, with customer water consumption (measured in units) strongly increasing this summer. Overall, this summer's consumption increased by 143,268 units, which was a 7.9% increase from the Third Quarter 2020. The two Tables provided to the Board showed customer water consumption in units over time; one unit equals 100 CF.

The District's total expenses for the Third Quarter of 2021 were \$15,525,128, which is a decrease of \$454,982 from the Third Quarter of 2020. The largest operating costs continue to be purchased water and sewer treatment services, which total \$6,610,657. Staff noted that the significant decrease in the Third Quarter purchased water and sewer treatment services costs continue to be delayed billings from the City of Everett, though they are caught up through August with this meeting's Accounts Payable Check Report.

Currently, the District's Net Income through September 30, 2021, is \$7,675,444 which is an increase from 2020, of \$5,218,503. This net income will be adjusted by the City of Everett delayed invoices, totaling \$2,012,359.54. In addition, most of the Windsong Lift Station Abandonment project, with the exception of the surge valve related to Waldenwood Lift Station, will need to be expensed at the end of the year.

The District currently has seven accounts, out of 18,457 metered water connections, past due and with a property lien filed. The total past due amount of these seven accounts with a filed property lien is \$22,705.69. Since March of 2020, a moratorium on service disconnections and late/delinquent fee assessments for past due customers has been in effect. The moratorium for service disconnection expired on September 30, 2021.

As result of the moratorium, there are currently 270 accounts three or more bill periods past due, as outlined in a Table provided to the Board. The District has been mailing Deferred Payment Reminder Notices, Deferred Shut-off Notices, and Special Collections Letters, which has resulted in collections of several past due accounts. Overall, there has only been a slight increase in the number and dollar amount of long-term past due accounts since the last report.

The District will be automatically creating installment plans for the single-family customers before the October 30<sup>th</sup> regular billing dates. Customers that have an installment plan created will be provided a letter by the District outlining the outstanding past due balance, the term of the installment plan, and installment plan payment amount. The other customer classes will get a Collection Notice, and notice that their service will be disconnected due to non-payment; however, no service disconnection will occur for residential customers prior to January 2022.

The District's cash and investments totaled \$50,338,720.23, which was an increase of \$5,525,120 from September 30, 2020.

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

- **131<sup>st</sup> Street Water Main** – The water main work is complete and a final accounting report for the project was provided. The project's total expenses were \$371,399.39 with the completion of the asphalt paving work. This exceeded the project budget of \$339,495. The cost basis for the 131<sup>st</sup> Street special connection fee was also slightly higher as it included a \$35,000 estimate for the remaining asphalt work. In the end, the total repaving costs were significantly higher than anticipated, \$70,727.18, for contract work by J&B Asphalt and an associated \$22,120.01 of engineering services by Pertect, Inc. Part of these costs were absorbed by the project's contingency of \$23,940 and less costs with other phases of the project, but at its conclusion, the project is over its project budget by \$31,904.39.
- **Windsong Lift Station Abandonment** - The initial estimate for this project was \$613,648. Design is complete and the Board approved the contract in April 2021. With the approval of the contract in April, the project budget increased to \$1,128,000, including a 10% contingency. Construction is just about complete for the project and the project is expected to stay within the budget.
- **Waldenwood Lift Station** - The initial project estimate of \$2,635,000 was included in the approved Sewer Comprehensive Plan. The Board accepted the bid from McClure and Sons for \$4,160,436.26, with a total project budget of \$5,048,365. Work continues for the project. The Board of Commissioners approved Change Order No. 1, No. 2, and No. 3, which are reflected in the financial information. The project is complete and awaiting release by the State agencies. There is \$92,475 contingency remaining in the project budget.

- **Silver Acres Intertie/Master Meter No. 3 Relocation** - The Board's most recent project estimate was for \$457,200. Design on the project is complete and low bid was \$398,189.70. During the submittal process an omission was discovered, as a result, the Board approved Change Order No. 1 for \$25.3k, adding a 10% contingency for the remaining work. The total project budget would increase to \$596,745.
- **Pioneer Trails Lift Station** – The initial project estimate included in the approved Sewer Comprehensive Plan was \$2,452,000. Design is ongoing, the total approved fee for the scope to complete design is \$391,902. The most recent estimate for construction is \$4,300,000. Based on these new estimates, including a 10% contingency, the current estimate for the complete project is \$5,873,705.
- **Thomas Lake Lift Station** – The initial project estimate included in the approved Sewer Comprehensive Plan was \$2,133,000. Design is ongoing, with an approved fee of \$159,100 to complete the design, with the most recent construction estimate at \$2,100,000. Based on these new estimates, including a 10% contingency, the current estimate for the total project is \$3,026,200.
- **Lift Station No. 4 Generator Upgrades** – The initial project estimate included in the Sewer Comprehensive Plan was \$255,000. Design is ongoing, with an approved fee of \$159,100 to complete the design. Currently, there is no change in the construction estimate. Based on these new estimates, without a 10% contingency, the total project cost is estimated at \$309,355.

Following discussion regarding the various capital projects, the Commissioners thanked Mr. Nelson for his report.

## 5.) CAPITAL IMPROVEMENT PROJECTS:

### a.) Staff Report – Master Meter No. 3 – Pay Estimate No. 1

Mr. Delfel provided a summary to the Board of Commissioners on a Staff report regarding Master Meter No. 3 and Pay Estimate No. 1.

The District awarded the construction contract for the Master Meter 3 Relocation Project to New West Development, on April 8, 2021. Pay estimates will be approved by the Board monthly.

Construction work for the new Master Meter 3 Relocation Project started on September 13, 2021. The tap on the City of Everett water main was completed on September 15, 2021, the new meter vault was set on September 17, 2021, and the cut-in connection to the District's 8-inch water main was completed on September 22, 2021.

A project status meeting was held on September 29, 2021, with District staff, the contractor, and staff from Gray & Osborne. It was agreed by all parties, that no further work can feasibly be done on the project until some critical parts arrive, that have been delayed by the ongoing COVID-19 pandemic. The shipping date is uncertain, so contract working time has been suspended until a firm schedule can be determined.

Mr. Brees presented photos of the project work completed to date. Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved the monthly pay estimate for work completed in the first half of September, in the amount of \$95,254.82. Items included in this pay estimate consist of a percentage of the mobilization, erosion control, utility locates, clearing and grubbing, shoring, and the initial vault and piping installation work.

**b.) Staff Report – Backwater Valve Agreement and Resolution No. 816**

Mr. Brees provided a Staff report to the Board of Commissioners regarding the Backwater Valve Agreement and Resolution No. 816.

As new development occurs within the District’s sewer service area, more and more properties are built on steep slopes that require the installation of a sewer connection point below the elevation of the nearest upstream sewer manhole or include a basement floor below ground level. Provided with this report was attached sewer plan sheet from the recent Remington Ranch development, which showed a good example of these conditions.

Where this situation exists, the Uniform Plumbing Code and the District’s Standards require a Backwater Valve (BWV) on the private side sewer line, to prevent sewage from backing up inside the structure in the event of an overflow. In new construction, the BWV is located inside the structure but may also be located outside in a retrofit situation, which was seen in the attached detail from AWWD. In either case, the ownership, installation, operation, and maintenance of the BWV should be the responsibility of the property owner, not the District.

After discussions and input from WCIA and the District’s Attorney, staff recommended to adopt a new Backwater Valve Agreement Form, that would be executed and recorded on the property for each installation. This is similar to the Upflush Toilet Agreement that was adopted with Resolution No. 580 but never codified. Both agreements would be incorporated into the District’s Code with forthcoming updates to the District’s Sewer Standards. In addition, the current Sewer Permit Application Form will be updated to include a checkbox for a Backwater Valve.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved Resolution No. 816, to adopt a new Backwater Valve Agreement Form.

**6.) MAINTENANCE & OPERATIONS REPORTS:**

**a.) Update on AMI Product and Service Agreements**

Mr. Brees provided an update to the Board of Commissioners regarding the AMI Product Supply and Service Agreements that are currently in development.

Mr. Brees provided an overview of the District’s current metering system, highlighting its shortcomings and comparison to the new meter standard and software/data services that has been selected via a request for proposal process. Beginning in February of this year, the District kicked off the Request for Proposal (RFP) process by contracting with HDR Engineering for professional services, to prepare the RFP documents and facilitate the

selection process. In April, an advertisement was published on the District website, in the Everett Herald and the Seattle Daily Journal of Commerce, soliciting proposals. In total, four companies submitted information in response. Two proposals were deemed as responsive, and both of these companies were invited to the District's Headquarters to provide a product demonstration. In the end, General Pacific (Distributor) and Badger Meter were selected by the District's project team as the preferred respondent.

In September, the District's project team visited Cross Valley Water District, which has this metering system fully deployed. Cross Valley provided very positive feedback about the vendors and the system.

Currently, District staff and the District's Attorney are reviewing draft contract documents with the vendors and hope to bring forward the agreements at the next meeting.

**b.) Review Board Meeting Schedule for November**

Mr. Brees discussed with the Board of Commissioners the upcoming Board meeting schedule for November 2021.

Following discussion, by motion made, seconded, and unanimously approved, the Board of Commissioners will cancel the regular Board meeting on Thursday, November 11, 2021, at 5:30 p.m., and reschedule a special meeting on Wednesday, November 10, 2021, at 5:30 p.m., to discuss all District business.

Following discussion, by motion made, seconded, and unanimously approved, the Board of Commissioners will cancel the regular Board meeting on Thursday, November 25, 2021, at 5:30 p.m., and reschedule a special meeting on Tuesday, November 23, 2021, at 5:30 p.m., to discuss all District business.

**c.) Staff Report – Low Income Household Water Assistance Program**

Mr. Brees provided a Staff report to the Board of Commissioners regarding the Low-Income Household Water Assistance Program.

Significant Federal Funding was allocated earlier this year, to develop a temporary safety net to low-income households for their water and wastewater utility bills. The program is modeled on the existing program for low-income households with their energy bills (LIHEAP). After considerable delay, attributed to program development and approval to state agencies, funding is about to become available in Washington State and Snohomish County.

In Snohomish County, the funds will be administered by Snohomish County Human Services. District staff is in regular email contact with Snohomish County Human Services, regarding the program.

The funding does have a very low maximum income threshold for eligibility. To qualify, customers will either already be receiving energy bill assistance or demonstrate that they earn less than 150% of the federal poverty level for their respective household size. While

we anticipate only a small number of the District's customers will qualify, those that do will receive substantial assistance for both current and delinquent balances.

**7.) STAFF REPORTS:**

**a.) District Engineer:**

No further report.

**b.) Finance Manager:**

No further report.

**c.) Technical Services Manager:**

Mr. Busch reported that he has been on the project team to select the new metering system and he is very impressed with the system from a technology perspective. One of the key features was that the utility user interface is linked with the customer interface which will result in better customer service through consistent data.

**d.) Attorney:**

No further report.

**e.) General Manager:**

Mr. Brees provided the Board of Commissioners with an update on the Brasswood offsite sewer extensions, which is a project the District is participating in with Conner Homes. Mr. Brees presented photos of the work that has been completed in the past two weeks and noted that there is one issue (existing pipe material) that will result in a change to project cost. The District is working with Conner Homes and their contractor, to determine the impact of this change. The project upsizes an existing District gravity sewer main from 8" to 12", using both pipe bursting and open cut construction techniques. The different pipe material means more of the planned replacement will require open cut construction rather than pipe bursting as planned.

Mr. Brees also provided an update to the Board on the various workplace rules in development at the Federal and State levels, related to Covid-19, that may result in the need to update or change the District's policies.

**This ends the Minutes of the October 14, 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 October 14, 2021 regular meeting of Commissioners, duly adopted at a regular meeting of the Board of Commissioners of the District, held at the regular meeting place thereof on October 28, 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 28<sup>th</sup> day of October 2021.

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

  
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Shauna Willner, Secretary