

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

February 11, 2021

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on February 11, 2021, 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, and Finance Manager Brad Nelson; William Linton with Inslee, Best, Doezie, and Ryder P.S., Attorney for the District; Eric Delfel with Gray & Osborne, Inc.; Peter Cunningham, Senior Engineer and Brian Casey, Principal Engineer, both with Murraysmith. The public was provided access to participate 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 January 28, 2021 were unanimously approved as circulated.

3.) PUBLIC COMMENT:

No members of the public participated in the teleconference.

4.) CAPITAL IMPROVEMENT PROJECTS:

a.) Staff Report – Pioneer Trails Lift Station Pre-Design

Mr. Smith provided a summary to the Board of Commissioners on a Staff report regarding the Pioneer Trails Lift Station Pre-Design and introduced Mr. Peter Cunningham, P.E. and Mr. Brian Casey, P.E. with Murraysmith.

On July 23, 2020, the Board approved a consultant contract with Murraysmith for the Pre-design work on the Pioneer Trails Lift Station Replacement (Project No. LS 3 in the Sewer Comprehensive Plan). The intent of the Pre-design phase was to develop a preliminary site plan and identify major design and permitting issues. This helps to better define the scope and costs before starting the full design work. The completed Pre-design Report, including an Executive Summary, is attached with a copy of three preliminary site plan alternatives.

Mr. Cunningham and Mr. Casey presented a slideshow reviewing the completed Pre-design Report. Due to the limited area of the existing site, each alternative would have impacts to the surrounding property, which is a common owned area for the Pioneer Trails Homeowners Association. The capacity of the new lift station and associated impacts on the downstream sewer system were also considered in the Pre-design efforts. Facilitated by Mr. Cunningham and Mr. Casey, the Board reviewed a site plan for each preliminary design.

- **Alternative 1** - would fit a new wet well with three submersible pumps within the existing site but has significant conflicts in trying to build a new lift station around the existing operating facility.
- **Alternative 2** - would construct a new wet well with three submersible pumps outside the existing boundaries and requires property acquisition from the HOA. This is the recommended option and is also the least expensive.
- **Alternative 3** - would construct a new wet pit/dry pit building, similar to Waldenwood Lift Station, outside the existing site. This option is a proven design that facilitates easier maintenance but has the largest property acquisition footprint from the HOA and is also the most expensive.

All of the alternatives include meter and valve vaults, a new generator and fuel tank, and an enclosed electrical building. The existing wet well would be converted to a rock catch manhole.

For the capacity of the new station, the projected flow in the sewer basin was analyzed in consideration of the recent land development activity, such as the Farm/Vintage at Mill Creek on 132nd Street SE. The upstream Lift Station 3 can split flow between Lift Station 2 and Pioneer Trails and is a significant factor in the capacity analysis. Replacing the Lift Station 3 Force Main in 134th Place SE in 2024 (Project No. LS 10 in the Sewer Comprehensive Plan) will allow for better control of that flow split. After much internal discussion, staff recommended to increase the capacity of the new lift station to 3,100 gpm. This will allow for more flexibility in system operations in the future.

However, the increase in capacity also triggers the need to replace the existing discharge force main in 35th Avenue SE, which is an old and undersized 10-inch ductile iron pipe. It should be noted that this existing force main discharges to the same manhole as the Thomas Lake Lift Station near 121st Place SE, which then flows by gravity to 116th Street SE. The 18-inch gravity main in 35th is also currently at, or near, capacity and would likely surcharge with any additional flow increase. This is a known future deficiency that was identified in the 2018 Sewer Comprehensive plan.

Since the Pioneer Trails Force Main needs to be replaced for lift station capacity, rerouting it further north to 116th Street SE would alleviate the gravity sewer surcharge issue. Replacing the force main in 35th Avenue SE will be a significant and expensive project but can be deferred for a few years to better coordinate with Snohomish County and/or adjacent land development projects. In the meantime, flow from the Thomas Lake and Pioneer Trails Lift Stations will not be a full build out capacity and can be regulated with the use of Variable Frequency Drives (VFD's).

The preliminary estimated total construction cost of the recommended alternative for the new Pioneer Trails Lift Station is \$3,120,000, and construction would likely start in early 2022.

The Commissioners discussed the pre-design effort, inquired about outreach to the Homeowners Association and further discussed capacity of the force main and gravity main in 35th Avenue SE. The Board concurred with the recommendation and thanked Mr.

Cunningham and Mr. Casey. A consultant scope and fee to prepare plans, specifications, and a cost estimate to bid for a construction project will be presented at the February 25, 2021, meeting.

b.) Staff Report – Thomas Lake Lift Station Pre-Design

Mr. Smith provided a brief summary to the Board of Commissioners on a Staff report regarding the Thomas Lake Lift Station Pre-design and Mr. Delfel presented a slideshow reviewing the Pre-design report.

On July 23, 2020, the Board approved the scope of work and fee with Gray & Osborne for the Pre-design work on the Thomas Lake Lift Station Replacement (Project No. LS 4 in the Sewer Comprehensive Plan). The intent of the Pre-design phase was to develop a preliminary site plan and identify major design and permitting issues. This helps to better define the scope and costs before starting the full design work.

The completed Pre-design Report, including an Executive Summary and Cost Estimate, was provided along with a copy of the preliminary site plan. The recommendation is to replace the existing lift station with a new facility consisting of a wet well and three submersible pumps with an increased capacity of 1,200 gpm, along with a new meter/valve vault, a new generator and fuel tank, and an enclosed electrical building. The existing wet well would be kept on site and converted to additional storage capacity.

As part of the project, a new rock catch manhole would be installed in the open space south of the lift station, which is unused Right-of-Way (ROW) owned by the City of Mill Creek. In addition, the District would like to pave a portion of ROW to allow for better maintenance access to the new facility. This work coordinates well with the future use of the ROW envisioned by the City of Mill Creek. Staff met onsite and coordinated with the City to negotiate an agreement for long term use of the ROW. The City intends to use this dead-end ROW area for future trailhead parking and to access a wetland open space that is being restored as mitigation for The Farm Development. In exchange for locating the Rock Catch Manhole and a construction easement, the City requested a new driveway cut and minor additional paving for better access, along with a sewer lateral installed for a potential restroom.

The preliminary estimated total construction cost for the new Thomas Lake Lift Station is \$2,043,000, and construction could start in mid to late 2021. The Board discussed the pre-design report and concurred with the recommendations. G&O will prepare scope and fee to prepare plans, specifications, and a cost estimate to bid for a construction project, which will be presented at the February 25, 2021, meeting.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners authorized the General Manager to execute a Memorandum of Understanding with the City of Mill Creek for use of the ROW for the Thomas Lake Lift Station Replacement Project.

c.) **Staff Report – Waldenwood Lift Station and Change Order No. 3**

Mr. Smith provided a summary to the Board of Commissioners on a Staff report regarding the Waldenwood Lift Station and Change Order No. 3.

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 in the amount of \$32,159.00 was approved by the Board on June 25, 2020 and Change Order No. 2 in the amount of \$23,410.10 was approved on October 8, 2020.

A few remaining changes have come up in the final construction stages that need to be addressed with one last change order. The major items include adding an exterior security cage around the transducer connection points, removing a thrust block that conflicted with a storm drain, rock catch manhole modifications, and additional asphalt pavement placement. Four additional working days are proposed for these change order items.

Eric Delfel, the G&O Project Manager, briefed the Board on the various cumulative items proposed for Change Order No. 3. The proposed cost for Change Order No. 3 is \$42,368.06, which is available in the project's remaining contingency fund of \$138,380.00.

Staff requested the Board of Commissioners approve Change Order No. 3 in the amount of \$42,368.06.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved Change Order No. 3 in the amount of \$42,368.06.

d.) **Staff Report – Waldenwood Lift Station and Pay Estimate No. 17**

Mr. Smith provided a summary to the Board of Commissioners on a Staff report regarding the Waldenwood Lift Station and Pay Estimate No. 17 and shared photos of the current project status which is very near to completion.

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. Change Order No. 3 was approved during the Board Meeting on February 11, 2021.

Backfilling of the lift station excavation is complete, as well as placement of the crushed rock surfacing. The final paving onsite is tentatively scheduled for this week but is weather dependent. The perimeter security fence has been installed, and final site restoration work is underway.

Staff requested the Board of Commissioners approve the monthly pay estimate for work completed in January, in the amount of \$60,488.11.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved Pay Estimate No. 17 in the amount of \$60,488.11. Work included in this pay estimate consists of another 1.14% of the lift station replacement lump sum, along with some crushed rock surfacing and four payment items in Change Order No. 3.

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.16246 - 16319) in the amount of \$1,057,936.51; Revolving Fund Checks (Check No. 7595 -7613) in the amount of \$244,613.91, were unanimously approved and signed as follows:

Fund	Amount
Water Maintenance	\$152,922.05
Water Capital Improvement	73,358.95
Sewer Maintenance	627,232.01
Sewer Capital Improvement	204,423.50
Revolving Check Fund	244,613.91
Total	\$1,302,550.42

b. Staff Report – Fourth Quarter Financial Reports, December 31, 2020 (Pre-closing)

Mr. Nelson provided a summary to the Board of Commissioners on a Staff report regarding Fourth Quarter Financial Reports, December 31, 2020 (Pre-closing).

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 all of the year end accruals for revenues and expenses. Staff has already identified \$919,215.82 of 2020 expenses that were paid in 2021 and this amount does not include the December City of Everett Sewer billings.

The District’s Fourth Quarter Pre-Closing Revenues from all sources are \$28,483,778. This was an increase of \$3,086,491 compared to the Fourth Quarter of 2019. The most significant reason for this revenue increase was December’s collection of \$3,260,175 of New Connection Fees, including \$2,660,360 for The Farms development. Charges for Service revenues increased only \$297,026 in 2020 as the District deferred the Pass-through Rate Increase, due to the COVID-19 Pandemic. Bills of Sale revenues decreased \$278,869.05 and Investment Income decreased \$733,741 as the Federal Reserve Bank lowered interest rates. A Table was included in the staff report that outlined the Total Revenues from 2019 and 2020.

Next Mr. Nelson reviewed a Table 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 Charge) revenues from 2014 to 2020. The first Table represented New Customer Revenues received during the Fourth Quarter of each year. The

second Table represented Annual New Customer Revenues. Both Tables reflect the strong December New Connection Revenues as customers paid before the fees increased for 2021.

The District's total expenses for 2020 were \$21,969,226, which does not include accrued 2020 year-end expenses. The largest operating costs continue to be purchased water and sewer treatment services, which total \$10,165,511, or 46% of the District's total Pre-closing expenses.

Currently, the District's Net Income through December 31, 2020 is \$6,514,511, before accruals. The major reason for the change in Net Income is stronger New Connection revenues. However, the 2020 New Income will be lower than \$6,514,511 (pre-closing) when the 2020 Financial Report is completed, and all accruals and adjustments are posted.

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 \$22,734.29. 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 has extended the moratorium for service disconnection to April 30, 2021.

The Governor's moratorium for service disconnection and delinquency fees has stopped the District's shut off water and filing property liens collection processes for residential services. 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 January 2021, there were 197 accounts three or more bill periods past due, as outlined in the Table provided for the Board's review. In the short term, the District has been mailing special collection notices to these customers, resulting in some payments since the last letter was mailed on January 19, 2020. In the long run, the Board of Commissioners has approved the District to create Installment Plans for past due customers once the Governor's moratorium is removed.

The District's cash and investments totaled \$47,096,157.22, which was an increase of \$1,595,288.86 from December 31, 2019.

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

- **131st Street Water Main** – The water main work is physically complete. Change Order No. 1 was approved by the Board. Staff has notified the State of Washington for sales tax, employment securities, and prevailing wage releases. Staff is also recommending using the project's contingency for pavement restoration, which was not included in the projects scope but is being required by Snohomish County. The Board of Commissioners approved Change Order No. 1 on April 9, 2020,

which is reflected in the financial information. Perteet Engineering is working on the design and bid documents for the asphalt overlay.

- **Windsong Lift Station** - The Board initially approved this project for \$613,648. Design is ongoing with two change orders being approved by the Board that increased costs by \$27,600 to \$630,648. In addition, the new construction estimate has increased to \$502,300, which with a 20% contingency, would increase the expected project budget to \$738,891.
- **Waldenwood Lift Station** - 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 the project. The Board of Commissioners approved Change Order No. 1 on April 9, 2020, which is reflected in the financial information.
- **Silver Acres Intertie/Master Meter No. 3 Relocation** - Design on the project is nearly complete with plans approved by the City of Everett, the project is expected to go to bid in early 2021. The current construction estimate is \$346,100.
- **Pioneer Trails Lift Station** – Design is ongoing. Project cost estimates are based on the Sewer Comprehensive Plan is \$2,452,000. A final scope and request to bid the project will provide an updated project cost estimate.
- **Thomas Lake Lift Station** – Design is ongoing. Project cost estimates are based on the Sewer Comprehensive Plan is \$2,133,000. A final scope and request to bid the project will provide an updated project cost estimate.
- **Lift Station No. 4 Generator Upgrades** – Design is ongoing. Project cost estimates are based on the Sewer Comprehensive Plan is \$255,000. A final scope and request to bid the project will provide an updated project cost estimate.

6.) MAINTENANCE & OPERATIONS:

a.) Staff Report – Professional Services Agreement

Mr. Brees presented a verbal summary to the Board of Commissioners of a Staff report regarding a Professional Services Agreement – Develop Request for Proposal for Advanced Metering System.

The District's water system is fully metered. All the Districts 18,000+ service connections are served by a water meter that is read either on a monthly or bimonthly basis. Single Family Residential (SFR) accounts are read on a bi-monthly basis while all Commercial and Multifamily Residential (MFR) accounts are read monthly. All water service charges include a base and consumption-based charge. For sewer service charges commercial customer classes, the meter read is also used to bill a consumption-based sewer charge. Residential accounts are billed a flat sewer rate.

Historically, water meters were read manually where a District employee would visually read the consumption measured in cubic feet on the dial of the meter and transcribe the value to a meter card or tablet device. This was a very labor-intensive process that is still

used by some utilities. The District currently uses a drive-by radio read system. This is where a radio and laptop are installed in a vehicle and used to drive by meters. Short-range radio transmission between the vehicle and the individual meters is used to collect the meter reading. These systems are known as Drive-by Automatic Meter Reading (AMR). Drive-by AMR was the cutting-edge technology from about 2000-2010 and is still a very labor efficient means to gather the read information.

Approximately ten years ago, several systems that used longer range radios or repeating radios became available, that allowed meters to communicate directly from the individual meter to a receiving station on a more frequent basis. These systems are referred to as fixed based Automatic Metering Infrastructure (AMI). These systems are more slightly more labor efficient than Drive-by AMR and provided more data to the utility, due to the more frequent meter reads. With this data, a utility gains access to tools such as, leak reporting, meter tamper alerts, backflow event reporting, detailed consumption reporting, and on demand remote meter reading. The District evaluated Fixed Based AMI approximately 8-10 years ago and due to the substantial costs, elected to retain and maintain the existing drive by AMR system.

In the last five years, new cellular fixed based systems have become available that correct some of the shortcoming of the fixed based systems. These systems use a cellular transmitter that connects directly to commercial cell phone towers to transmit data. This approach eliminates some of the infrastructure and expense of a fixed based AMI system. Several of the traditional manufactures of these systems have now adopted cellular based systems. The new trend is to offer the hardware and data service in a package.

With these new lower costs fixed based systems available and as the District's existing system ages and requires more frequent maintenance, it is time to reevaluate the metering standard that the District will use into the future. Conducting a Request for Proposal (RFP) process is recommended by the General Manager. In an RFP, the District may consider the technical merits in addition to cost, to select the best system for the District's specific needs. It is envisioned that the new system would be purchased and deployed as equipment fails or with new installations. Existing equipment will be retained and read for as long as the existing equipment is serviceable. With this approach, it is not anticipated there will be any additional costs to the District. It is anticipated that new metering equipment will be less expensive to purchase up front but will have an associated service charge for the software and data services. Over the service life of the equipment, total costs (hardware and services) for a new system are likely to be similar to our current costs for the hardware alone.

HDR, Inc. provided a proposal to the District to assist District staff in conducting an RFP to select a new metering system. The proposed fee for the Scope of Work on a time and materials basis, with a not-to-exceed amount of \$17,000.00. HDR is qualified to complete the work, having completed similar projects for several peer agencies.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved the General Manager to execute a Professional Services Agreement with HDR, Inc., to assist the District in conducting an RFP to select a new

metering system according to the proposed Scope of Work and fee in an amount not-to-exceed \$17,000.00.

7.) STAFF REPORTS:

a.) District Engineer:

Mr. Smith provided updates on several capital projects that are scheduled for construction this year including, the abandonment of Windsong Lift Station, a unit price paving contract, and Master Meter #3/Silver Acres Intertie.

b.) Finance Manager:

Mr. Nelson reported that a vendor of the District, Automated Funds Transfer Services (AFTS) had been subjected to a malware/ransomware attack. The District outsources several functions to AFTS, including printing and mailing of customer invoices, online payment processing and lockbox services. AFTS will be delayed in providing these services to the District and there is concern regarding customer data that may have been exfiltrated from AFTS. A message has been posted to the District's website. Additional customer notification may be required, unless the extent of the exfiltration can be determined.

c.) O&M Manager:

Mr. Berger reported that a surplus truck (a 2006 Volvo Vactor) was sold at public auction that closed on February 11, 2021. The winning bid was \$287,500, which is about fifty percent of the cost of the replacement vehicle (a 2020 Kenworth Vactor). The high sale price is reflective of the condition that the vehicle was maintained in by the District's staff.

d.) Technical Services Manager:

Mr. Busch reported that he has been also involved in the response to the AFTS malware/ransomware attack. Mr. Busch noted that the District will be taking extra precautions in sending or receiving data to AFTS.

e.) Attorney:

No further report.

f.) General Manager:

Mr. Brees provided additional details on the services which AFTS provides to the District and noted that many other agencies in our region also rely about AFTS.

Mr. Brees reviewed some of the highlights of the WASWD Section 3 meeting, held on Tuesday, February 9th: specifically, the draft Department of Ecology's Nutrient Permit for wastewater plants discharging to Puget Sound.

This ends the Minutes of the February 11, 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 February 11, 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 February 25, 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 25th day of February 2021.

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



Shauna Willner, Secretary