

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

May 27, 2021

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on May 27, 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, District Engineer Scott Smith, Finance Manager Brad Nelson, and David Hoagland with Clifton Larson Allen. Attending by video conference were 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; 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 May 13, 2021 were unanimously approved as circulated.

**3.) PUBLIC COMMENT:**

There were no public present for comment.

**4.) FINANCIAL MATTERS**

**a.) 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. 16726 - 16772) in the amount of \$658,307.65; Revolving Fund Checks (Check No. 7768 - 7813) in the amount of \$55,512.98, were unanimously approved and signed as follows:

| <b>Fund</b>               | <b>Amount</b>       |
|---------------------------|---------------------|
| Water Maintenance         | \$40,191.77         |
| Water Capital Improvement | 4,627.38            |
| Sewer Maintenance         | 28,975.00           |
| Sewer Capital Improvement | 584,513.50          |
| Revolving Check Fund      | 55,512.98           |
| <b>Total</b>              | <b>\$713,820.63</b> |

**b.) Staff Report – 2020 Financial Statement**

Mr. Nelson provided a summary to the Board of Commissioners on a Staff report regarding the 2020 Financial Statement.

The 2020 Financial Statements were provided to Commissioners for their review. The statements are required to be submitted to the State Auditor's Office by May 30, 2021. Currently, the District is on a two-year audit schedule, so the State Auditor is not scheduled to review these statements until the fall of 2021.

The District's Net Contribution to Assets (Net Income) was \$5,350,434, which was higher than 2019 and mainly due to significantly higher connection fees paid in December 2020. For the first time, Net Operating Income was a negative in the amount of \$1,606,867. In 2020, the District incurred increased costs primarily related to water purchases and sewer treatment expenses. Labor costs (new positions and benefit programs) were also higher and there were increased maintenance and operation expenses. Non-operating Income also decreased, due to lower interest rates impacting the return on the District's investments as the Federal Reserve Bank depressed interest rates, to address the economic challenges of the pandemic. While the District has experienced an increase in past due accounts from the moratorium on utility disconnections, the District has reported the balances as revenues within the period they were earned. Staff believes the balances will be collected when the customers are placed on a long-term payment plan, the property sells, when the current tenant moves out and the property owner provides payment, or when federal assistance is made available to distressed customers. In 2020, the Pass-through Rate increase was deferred by the Board of Commissioners to assist customers with the immediate economic impacts of the pandemic. In 2021, the District implemented a customer rate increase that was effective May 1, 2021, to address the negative operating income.

Mr. David Hoagland, with Clifton Larson Allen, provided the Board of Commissioners with his report on the 2020 Financial Statements. Staff also provided a historical overview of key financial information from 2012 to 2020 and a Table was provided that showed the historic Net Operating Income (Operating Revenues less Operating Expenses) and Net Contribution to Net Assets (Net Operating Income plus Non-Operating Income/Expense and Contributed Capital).

The Board reviewed the 2020 Annual Financial Report and discussed contracting with Clifton Larson Allen to perform the Financial Statement audit rather than the State Auditor.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners accepted the Financial Reports and directed staff to submit the reports to the State Auditor.

**5.) Maintenance & Operations Reports:**

**a.) Staff Report – Mailing Lease Equipment**

Mr. Busch provided a summary to the Board of Commissioners on a Staff report regarding Mailing Lease Equipment.

The District has historically leased a postage machine and letter folder from Pitney Bowes. The postage machine is used daily. The letter folder is used for large inhouse mailings including: Back-flow letters, special collection letters, lien notices, payment arrangement confirmation, service interruption letters, and other large mailing projects. While the postage machine has had relatively few breakdowns, the letter folder has jamming

problems and limited functionality with multi-piece inserts. Also, when service has been requested for the Pitney Bowes equipment, the response has been slower than desired and with respect to the letter folder, often can require multiple maintenance requests.

The current equipment lease is 60 months at \$413.29 per month, including maintenance for both machines, and is expiring in a few months. Therefore, District staff have been reviewing its options.

Staff received a new 60-month Lease Proposal from Pitney Bowes at a cost of \$476.56/month. This proposal includes a postage machine that is the same as our current model, and a newer model letter folder with the same capabilities. We also requested a mailing equipment proposal from Electronic Business Machines (EBM). The District currently uses EBM for our copiers and printers (purchase and maintenance), and we have been very satisfied with their level of service and response times. The proposal from EBM includes a postage machine with the ability to automatically weigh the item and apply the correct postage, whereas the Pitney Bowes machine requires you to set the postage amount for each different size ahead of time. The letter folder from EBM support includes two trays and can fold up to five pages in thirds (Z-Fold), whereas the Pitney Bowes machine struggles with folding three pages. The 60-month Lease Proposal from EBM is \$357.51/month. Both proposals are priced via State Contract. A comparison table was provided.

Staff contacted references regarding the reliability of mailing equipment from EBM and received rave reviews of both the quality of the equipment, and the level of service received from EBM. Switching to EBM would also allow the District to consolidate its copier/printer vendor and mailing equipment vendor to a single source.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners authorized the General Manager to execute a 5-year lease with EBM for a postage machine and letter folder.

**b.) Update to District Covid Policies Reflecting CDC Guidance for the Fully Vaccinated**

Mr. Brees provided an update to the Board of Commissioners regarding the District's Covid Policies, that have been revised to reflect CDC guidance for the fully vaccinated. Mr. Brees provided a copy of an all-staff memo containing the new policy updates and the latest guidance/requirements for employers from the Department of Labor and Industries. These new policies are also applicable to the District's open public meetings.

**6.) Interagency Reports:**

**a.) Staff Report – CWSA Meeting**

Mr. Brees provided a summary to the Board of Commissioners on a Staff report regarding the CWSA Meeting.

General Manager Curt Brees and Commissioner John Warner attended the Clearview Water Supply Agency (CWSA) Meeting held on May 19, 2021. The meeting was held in a video/teleconference format. The meeting agenda included a review of Maintenance and Operations Reports, approval of Vouchers, and review of the Financial Reports.

A Management Committee Meeting was held at 2:30 p.m. (immediately prior to the Board Meeting). An additional topic reviewed at this meeting was regarding a letter that has been sent to qualified Engineering firms to submit a proposal to complete a Capital Facilities Plan for the Clearview Group. Six firms were sent an invitation and three have already replied to express interest in providing a Statement of Qualifications and a proposal.

There were no after-hour callouts during the month of April. Minor maintenance items were completed at the pump station including, grounds maintenance, general building maintenance, and inspections. Joe Skeens (AWWD) reported that the Electricians have completed extensive pre-peak season maintenance on major electrical systems at the pump station. Average pumping during the month was approximately 10 MGD.

There were no major items to report with respect to finances for the month of February. Monetary Assets for CWSA, as of April 30, 2021, totaled \$676,676.31. The vouchers approved at the meeting totaled \$412,180.93. The District's utilization was 31.8% of the total volume delivered by CWSA during April.

The next meeting of the CWSA is scheduled for Wednesday, June 16, 2021. The meeting will be held at 3:00 p.m. The meeting will be held virtually, utilizing Teams. It is anticipated that the CWSA Annual Meeting will be deferred to a later date.

## **7.) STAFF REPORTS:**

### **a.) District Engineer:**

Mr. Smith provided an update to the Board on the completion and certification of the District's Emergency Response Plan (ERP). The District was required to update the ERP incorporating the findings of the Risk and Resiliency Assessment (RRA) by the USEPA. The next step on the project is to develop and deploy an application (app) on the District's mobile devices that will allow staff to access the ERP from the field at all times. The app will not require a cellular signal.

Mr. Smith also provided a brief update on capital projects that will soon be starting construction including: the Windsong Lift Station Project, Asphalt Paving Project, and Silver Acres Intertie (aka MM#3). The Abandonment of Windsong Lift Station is scheduled to begin work June 1, 2021, the other projects are progressing towards construction.

### **b.) Finance Manager:**

Mr. Nelson reported that he and his staff are working on coding of rates in the District's software, to implement rate changes that will soon take effect. He is also working on letters that will be sent to the customers with the bill, detailing the specific rate change applicable to the individual customer. In this work to implement the change, two minor Scribner's errors have been discovered in Resolution No. 814. Both errors pertained to fire services.

The first error concerned residential fire services with a meter size of 5/8" or 1". The intent is for these two services to have the same rate as they have the same utilization (providing

fire protection for residential structures). The correction will be to assign a base monthly rate of \$9.80 to both meter sizes rather than having a higher rate assigned to the 1" service.

The second error was the lack of detail on the rate for fire services that are greater than a 8" line size. The correction will be to note that line sizes of 8" or above shall have the rate as stated for the 8" line size.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners concurred with these two corrections and directed staff to make the appropriate corrections to the rate tables.

Mr. Nelson also provided an update on the status of customer delinquencies, noting no major change in the trends we have been seeing, where most customers are staying current. Some customers will fall behind but do respond to reminder notices, and where there is a very small number of customers that have simply stopped paying and do not respond to notices.

In conclusion, Mr. Nelson reported that staff has been very busy selling permits (establishing new services) for the recently completed developer projects.

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

No further report.

d.) **Technical Services Manager:**

Mr. Busch shared with the Board some outcomes from the recently installed Network Scanning Hardware/Software Service. The system is already providing valuable insights and improving awareness for the IT team.

e.) **Attorney:**

Mr. Linton shared his upcoming schedule and reviewed coverage for upcoming meetings.

f.) **General Manager:**

Mr. Brees reported that he is working to identify options for the District's employees to opt out of the State's Long-Term Care (LTC) program. He reviewed that this will be an individual decision based on employee, age, wages, projected age of retirement, and where an employee will reside in retirement. The hope is that there will be an option for a group plan with simplified underwriting. Mr. Brees reported that he had obtained a quote on behalf of the District from Gallagher for an employer sponsored plan; however, the rates do not look favorable to what an individual could likely obtain on their own.

Mr. Brees also reported on the status at the State level on lifting the moratorium for utility shut offs and what is known about potential guidance that would include several additional steps that must be undertaken prior to disconnection. He noted that it is also likely that the moratorium will be extended again.

Mr. Brees provided an update on potential Federal assistance that will be administered by the state for utility customers. It appears that these funds will be administered in a similar

fashion to the Light Heat and Power Assistance Program (LIHEAP). Customers in need of assistance would qualify with the program administrator who would then make a payment on behalf of the customer to the District.

**This ends the Minutes of the May 27, 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 27, 2021 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 June 8, 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 8th day of June 2021.

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

  
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Shauna Willner, Secretary