

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

August 13, 2020

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on August 13, 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, and Eric Delfel with Gray & Osborne, Inc. 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 meeting of July 23, 2020 were unanimously approved as circulated.

3.) PUBLIC COMMENT:

There were no public comments.

4.) LATECOMER AGREEMENTS

a.) Staff Report – Hopkins Short Plat and Aalseth Latecomer Agreements

Mr. Smith provided a summary of a Staff Report, Sewer Plan Sheets, and Reimbursement Agreements; and Draft Resolutions No. 799 and No. 800, regarding the Hopkins Short Plat and Aalseth Short Plat Latecomer Agreements.

Mr. Smith provided a summary of how the Hearings were noticed, detailing the letters sent to each of the impacted property owners. Mr. Brees described how the Hearing for record would proceed pertaining to each agreement.

b.) Public Hearing – Hopkins Short Plat

Mr. Smith reviewed the agreement documents for the Hopkins Short Plat, reviewing project maps and describing the completed project, project costs, and the reimbursement method established for the latecomers agreement.

Commissioner Backstrom opened the Hearing at 5:45 p.m. She asked that all parties in attendance that wish to testify identify themselves with names and addresses for the record.

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 5:50 p.m.

Following discussion, by motion made, seconded, and carried unanimously, the Commissioners issued their determination and directed the General Manager to execute the Reimbursement Agreement for Hopkins Short Plat. The Board also approved by motion made, seconded, and carried unanimously, Resolution No. 799, establishing a Latecomer Charge for the sewer lines constructed in conjunction with the Hopkins Short Plat (Project No. 16-0010) Developer Extension.

c.) Public Hearing – Aalseth Short Plat

Mr. Smith reviewed the agreement documents for the Aalseth Short Plat, reviewing the project maps and describing the completed project, project costs, and the reimbursement method established for the latecomers agreement.

Commissioner Backstrom opened the Hearing at 6:00 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 6: 05 p.m.

Following discussion, by motion made, seconded, and carried unanimously, the Commissioners issued their determination and directed the General Manager to execute the Reimbursement Agreement for Aalseth Short Plat. The Board also approved by motion made, seconded, and carried unanimously, Resolution No. 800, establishing a Latecomer Charge for the sewer lines constructed in conjunction with the Aalseth Short Plat (Project No. 18-0019) Developer Extension.

5.) FINANCIAL MATTERS:

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

Following discussion of various matters, payroll, vouchers, and revolving fund checks were unanimously approved and signed as follows:

Fund	Code	Number	Amount
Water Maintenance	743 5408666	.08-001-.08-052	\$249,816.04
Sewer Maintenance	743 5418666	.08-001-.08-015	859,130.85
Sewer Capital Improve.	743 5448666	.08-001-.08-006	443,830.92
Water Capital Improve.	743 5468666	.08-001-.08-003	24,730.32
Revolving Check Fund		7220 - 7251	173,329.68
Total Warrants			\$1,750,837.81

6.) DEVELOPER PROJECTS

a.) Staff Report – Residential Flow-through Fire Services

Mr. Smith provided a Staff report and photos of existing fire and domestic water meter installations to the Commissioners, regarding Residential Flow-through Fire Services.

Current District Standards require a separate water service line, meter, and backflow device if a residential structure has an internal fire sprinkler system; see Detail VI-W17 in District Code Chapter 6.20, Article VI. This was an appropriate standard for less dense development with larger lots that were more common in the past, such as the River Crossing subdivision on 3rd Drive SE in Mill Creek.

In 2010, the District reviewed the cost of service for new connection charges which included a specific cost of service for fire meters in the 2010 Utility Rate Study. Fire meters are different in that a fire meter's demand on service is limited to when they have a fire. In addition, the court case, *Lane vs. the City of Seattle*, required some fire costs to be a "governmental" service cost and not allowed to be captured by the utility rates. As such, in 2010, the General Facility Charges for fire services were dramatically decreased. A copy of the current Water GFC Table was attached as a reference and outlined the lower costs for fire related services, which also set all fire meter's General Facility Fee at \$185.00 per meter, regardless of size.

In 2016, RCW 57.02.100 was amended stating that a District may not prohibit the use of a multipurpose fire sprinkler system, which is essentially a combined domestic and fire service and meter. This type of sprinkler design is commonly referred to as a "flow through" system, where a shared internal plumbing network is used for both the domestic fixtures and fire sprinklers. The fire sprinkler pipes are typically terminated at one or more high use fixtures, such as a toilet or washing machine, in order to keep water from becoming stagnant and therefore not requiring a backflow assembly.

There have also been changes in the Snohomish County Development standards. In order to accommodate the projected population growth in the area, the County has been allowing denser development on parcels that would have previously been larger single-family homes. This can be seen in the increased number of duplexes, townhomes, and smaller lots in recent Developer Extension projects.

Concurrently, the County Fire Marshal has been requiring a higher fire flow for the denser types of developments or for a variety of other factors. The available fire flow may be limited by the District's network layout, pipe size, and water velocity, and is often not enough to avoid the requirement of fire sprinklers. The end result is that more developments are required to add sprinklers to residential buildings, which are now denser and closer together.

The denser developments result in less open space for utilities, and having multiple meter boxes for each residence can result in lots of water main taps and little space for meter boxes. The District recognizes that a single meter for both fire and domestic use may be beneficial, but there are some associated financial implications to the developers as well.

A typical residential domestic water meter is a 5/8" x 3/4" size. However, a combined fire and water service usually needs to have a larger 1" meter to meet the fire sprinkler flow requirement tests. The General Facility Charges (GFC) for each meter size are addressed in District Code Section 9.05.070 and associated Exhibits "C" and "D" and are also available on the District's website under "Rates".

Using a 1" meter instead of a 5/8" x 3/4" meter results in a GFC increase of \$11,805 per residence, due to the increased meter size for the fire sprinkler system. While there may be more capacity for water usage with a 1" meter, the denser types of development that require fire sprinklers have much smaller lots and open spaces and do not use any of the additional capacity unless there is a fire. Therefore, the occupants would not be expected to have a higher domestic water or sewer use than a typical 5/8" x 3/4" meter.

District staff have been discussing how to manage this changing landscape, which will ultimately require a change in the District Code, to the adopted Water Standards and General Facility Charges. These updates have been on hold, due to the ongoing COVID pandemic and limited public participation available with virtual meetings. In the interim, staff proposed the following guidelines for use until the current rate study and standards update can be completed:

- Allow the use of a single water meter for domestic and fire systems on single family, duplex, and townhouse developments. This would only be allowed for "flow through" type fire sprinkler systems, and the applicant would need to provide backup documentation (i.e. approved plumbing or fire sprinkler plans) for verification.
- If approved for use, a combined domestic and fire service shall have a 1" meter size to ensure adequate fire sprinkler flow.
- If approved for use, a combined 1" domestic and fire meter shall be assessed the adopted water GFC for a 5/8" x 3/4" meter plus the fire meter GFC fee for single family residential. The fire meter GFC is currently \$185 based upon .05 GFC. Duplex and multifamily developments shall be assessed the adopted GFC plus the fire meter fee per unit. The 1" meter installations are also charged a slightly higher permit fee to reflect the increased cost of the actual meter.
- If approved for use, a combined 1" domestic and fire meter shall be assessed a sewer GFC for a 5/8" x 3/4" meter.

Essentially, the District would charge a 5/8" x 3/4" fire GFC for flow through fire meters where the increased size is only needed for fire service. If a development needs a larger 1" meter for a higher domestic use, such as irrigation, the standard 1" GFC rates would still apply.

Following the change in state law and in response to the same development pressures, many of the District's peer agencies are moving in a similar direction. In 2019, Alderwood Water & Wastewater District adopted a GFC Rate structure that charges the same one ERU base rate for meter sizes up to 1" if only needed for fire flow. However, backup documentation is also required to receive this discounted rate.

Following discussion, by motion made, seconded, and carried unanimously, the Board approved the proposed interim guidelines to allow Residential Flow-through Fire Sprinkler Systems with a single 1” meter, with a GFC assessment for a 5/8” x 3/4” meter.

7.) **CAPITAL IMPROVEMENT PROJECTS**

a.) **Staff Report – Reservoir No. 3 – Retainage Bond Release**

Mr. Smith provided a Staff report to the Board of Commissioners regarding the Reservoir No. 3 – Retainage Bond Release.

The District awarded the Reservoir No. 3 Improvement Project to Razz Construction on October 26, 2017. The primary scope of the project was to paint the interior and exterior of the reservoir, replace the exterior access staircase, renovate the booster pump building, and upgrade the SCADA and electrical system along with several other site and facility improvements.

A Settlement Agreement was reached between the District, the contractor, and suppliers for the Tideflex Mixing System in May 2020. A final warranty inspection for the painting will be performed in spring 2021 to check for any final touch up painting.

A final project budget was included with the Second Quarter Financial Report during the Board meeting on July 23, 2020.

Staff filed the required Notice of Completion form with the State on October 21, 2019. Release letters have been received from the State Departments of Revenue, Employment Security, and Labor & Industries (L&I). The L&I letter was delayed until July 2020, due to an ongoing payment plan between the State and the contractor following an audit. The project can now be deemed complete and accepted, and the contractor’s retainage bond released.

Following discussion, by motion made, seconded, and carried unanimously, the Board approved the release of the contractor Retainage Bond for the Reservoir No. 3 Improvement Project.

b.) **Staff Report – Waldenwood Lift Station Replacement**

Mr. Smith provided a Staff report, Pay Estimate No. 11, and photos to the Board regarding the Waldenwood Lift Station Replacement project.

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.

Work continues on the interior of the new lift station building, including on the electrical, mechanical, and piping systems, as well as painting. The large valve vault has also been installed along the new discharge force main outside the building.

Mr. Smith reviewed the photos of the construction in progress at the lift station.

Following discussion, by motion made, seconded, and carried unanimously, the Board approved the monthly payment estimate for work completed in July in the amount of \$281,619.66. Work on this pay estimate includes another 20% of the traffic control bid item and 7.36% of the lift station replacement lump sum item. The latter mainly consists of masonry, roof work, mechanical piping, and some controls work.

8.) MAINTENANCE & OPERATIONS:

a.) Update on 2210-132nd Street SE (Former District HQ)

Mr. Brees provided a Staff report, Current Site Map, BLA Concept Site Map, and ABS Valuation Summary to the Board of Commissioners, regarding 2210-132nd Street SE (Former District HQ).

Approximately a year ago, the District restarted discussions with the City of Mill Creek regarding a potential sale of the District's former headquarters facility located at 2210 132nd Street SE. Back in 2015, the District subdivided the property and was discussing final terms of a sale when the City decided to move in a different direction. Last year as the most recent appraisal was from 2015, the next logical step was to update the appraisal for the site. In November of 2019, the District contracted with ABS Valuation to appraise the property, and the City reimbursed the District for half of the appraisal cost.

In February, the Appraisal Report was completed and determined a value of \$1,120,000. The most significant limitation was the encumbrances on the site that would limit future development. Prior appraisals had not adjusted the value for these encumbrances. As the administration building is in poor condition, the appraisal was based on the land, for future commercial or multifamily development, not the existing structures.

The City has continued to express verbal interest in the property; however, no further progress has been made in negotiating a sale. The City has had several staff departures, including the Public Works Director that was leading the effort on behalf of the City. It is also reasonable to assume that COVID-19 has impacted the City Budget significantly and we are uncertain if the City would be able to purchase the property.

The District's utilization of the site has also changed due to COVID-19, prior to the current emergency O&M crews were cleaning up the last remaining items stored at the site. Now, the facility is critical to the District's operations, with approximately 1/3 of our O&M staff based out of the building. This allows for social distancing at the District's primary office and creates separate work groups in the event we have an illness within our workforce and there is a need to quarantine a portion of our staff.

Originally, it was assumed that staff would work out of the facility for only a short period of time, but now it is anticipated that the need will continue into 2021. Staff have discussed perhaps rethinking our plans to surplus the building on the site that formerly housed the District's O&M crews. This building was originally constructed in the 1980s and an addition was constructed in the early 2000s. While maintenance is needed, the general building condition is good.

It would be relatively easy to complete a Boundary Line Adjustment (BLA) and retain this structure. It would reduce the potential sale value of the remaining parcel, but not significantly, as the retained portion includes the majority of the easements that limit the value in a sale. It is likely the City would no longer be interested in the property; however, as the City intended to use the O&M building for their Public Works Operations.

The Board of Commissioners concurred with Staff that any further discussion regarding a sale of the site should first consider the District's needs to utilize the O&M Building, and that staff should explore the process to complete a Boundary Line Adjustment between the lots owned by the District.

9.) INTERAGENCY REPORTS

a.) Update on Governor Inslee's Proclamations

Mr. Brees and Mr. Nelson provided an update to the Board of Commissioners regarding Governor Inslee's Proclamations (20-23.7 – Ratepayer Assistance and Preservation of Essential Services) and (20-28.8 – Open Public Meetings Act).

At this time, the current prohibitions against utility disconnections and assessment of any fees for late payment remain in effect until October 15, 2020. Additionally, Public Meetings may only be conducted in a virtual format with opportunities for public participation. This is anticipated to continue until Snohomish County enters Phase 3 of the reopening plan.

Staff discussed with the Board of Commissioners the impacts of the extensions pertaining to customer payments, and reviewed the status of some delinquent Commercial Accounts that are not included in the order but have received the same consideration by the District for consistency.

Following discussion, the Board concurred with staff to not distinguish commercial accounts from the protections afforded to residential accounts at the present time.

b.) WASWD – Fall Conference and Annual Meeting

Mr. Brees provided a report to the Board regarding the 2020 (Virtual) WASWD Fall Conference. This virtual event will take place September 16 – 18, 2020 with the Annual Business Meeting of the Association scheduled to occur on Friday, September 18th, 2020. Registration and conference schedules are forthcoming.

10.) STAFF REPORTS:

a.) District Engineer:

Mr. Smith announced that the District's new Senior Construction Inspector has been extended and accepted a job offer. The new inspector is Lloyd Tjeerdsma, who is presently employed by Gray & Osborne, Inc., Lloyd has acted on behalf of the District as a consultant for many years, so a smooth transition is anticipated. Lloyd was selected from a talented pool of candidates.

b.) Finance Manager:

Mr. Nelson reported that he will prepare some options for presentment of the claims and vouchers at the second meeting in August. The purpose would be to expand on the description of what the payment is for.

Mr. Nelson provided a status update on the implementation of the new payment portal hosted by Invoice Cloud. Work is progressing and the launch is expected in October or November.

Mr. Nelson also reported that the portion of the District's rate study that recommends General Facility Fees is ready for adoption. This effort has been delayed by the limitation on public participation caused by the pandemic. As the limitations for an in person meeting are continuing, staff will look to include the Public Hearing at a future meeting date with the required Public Notice and opportunities for public participation in a virtual format.

c.) O&M Manager

Mr. Berger reported that the District's Bypass Sewer Pump has been delivered and that staff has received the initial training. The purchase of this pump has been included in more than one comprehensive plan and many budgets. The Pump has the ability to bypass the local lift station, pumps, power supply, and controls in the event of an unforeseen emergency. The Pump has ability to meet the flow and head requirement of the majority of the lift stations.

d.) Technical Services Manager:

Mr. Busch reported that he has obtained quotes and will be purchasing six additional laptop computers and peripheral equipment. As the need for employees to work from home for several more months is anticipated, staff wants to transition away from the use of personal computers accessing the District's network. These purchases will take the place of computer replacements planned for 2021.

e.) Attorney:

No further report.

f.) General Manager:

No further report.

This ends the Minutes of the August 13, 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 August 13, 2020 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 August 27, 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 27th day of August, 2020.

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



Shauna Willner, Secretary