

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

April 8, 2021

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on April 8, 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 were General Manager Curt Brees and Finance Manager Brad Nelson. Attending by video conference were District Engineer Scott Smith, 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.; Katy Isaksen (Katy Isaksen & Associates). 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 March 25, 2021 were unanimously approved as circulated.

3.) PUBLIC COMMENT:

Mr. Brees explained that a separate opportunity for public comment would be provided for comments pertaining to the Water and Sewer Service Rates. No members of the public participated in the teleconference at this time. Mr. Brees reported that one member of the public had expressed interest in providing comment regarding convenience fees, that are charged by the District's payment processor, for electronic payments made on the online portal or by telephone. However, this individual did not join the meeting.

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, Payroll; Vouchers (Check No. 16510 - 16564) in the amount of \$ 831,185.68; Revolving Fund Checks (Check No. 7676 - 7702) in the amount of \$186,820.13, were unanimously approved and signed as follows:

Fund	Amount
Water Maintenance	\$157,720.03
Water Capital Improvement	14,055.12
Sewer Maintenance	630,284.27
Sewer Capital Improvement	29,126.26
Revolving Check Fund	186,820.13
Total	\$1,018,005.81

b.) Staff Report – Water and Sewer Service Rates

Mr. Nelson provided a summary to the Board of Commissioners on a Staff report with attached Water & Sewer Rate Study Summary provided by Katy Isaksen & Associates.

In 2019, the District contracted with Katy Isaksen and Associates to perform a study of General Facility Charges (GFC) and the basic monthly water and sewer rates. The General Facility Study was completed in December of 2020 by the adoption of a resolution setting new GFCs. GFCs are collected from the new customer connections to the District's system. They are collected so that all new connections pay their fair share of the existing system and reimburse existing customers for the capital investment they have made to the system, paid for through rates. The Water and Sewer Rate Study focuses on the District's operating revenues and expenses, customer classes, and future capital project funding needs provided by the monthly water and sewer rates.

Typically, the District adjusts the monthly water and sewer rates on an annual basis in response to changes in the wholesale costs to either purchase water or provide wastewater treatment. In 2020, the wholesale costs represented approximately 50% of the District's total expenditures. The annual adjustment to rates in response to whole costs is referred to as the "pass-through" rate adjustment. On a less frequent basis, the District performs a Rate Study to adjust for all the District's other costs. The last time rates were adjusted for costs other than wholesale rate changes, was in 2015. In 2020, the District deferred the pass-through adjustment in response to the pandemic, it is included in the proposed 2021 adjustment.

The Board of Commissioners discussed the 2021 Water and Sewer Rate Study in detail on December 22, 2020, March 11, 2021, and March 25, 2021, and provided direction to staff to develop Resolution No. 814, and set a public hearing date for April 8, 2021. The Board's direction included setting the water base rate at \$14.60 per month; to adjust commodity charges; to establish commercial, irrigation, hydrant rental, fire meter, and school base monthly rates respective to meter size; and to allow new multifamily water and sewer connections to be billed the base water and sewer charge based on the commercial class, until they receive their Certificate of Occupancy from their general purpose local government (City of Mill Creek or Snohomish County); and to prepare the 2021 Pass-through Water and Sewer Rate Increase based on the most current information from the respective wholesale service providers. A Table provided outlined the water and sewer base residential rates contained in Resolution No. 814.

Since the last meeting, the Alderwood Water & Wastewater District (AWWD) found a small calculation error with the City of Everett's 2021 Water Rate amounts. This calculation error affected both the Clearview Water Supply Agency (CWSA) Rate and the AWWD Wholesale Water Rate. A Table provided outlined the 2021 blended water rate calculation at \$1.1774 per unit, which is an increase of \$.0504 per water unit from 2020. Staff recommended rounding the 2021 Pass-through Water Rate Increase to \$.05 per water unit.

The City of Everett originally proposed a Sewer Service Rate of \$45.17 per sewer ERU, which was an increase of \$5.09. District staff have reviewed the calculation and have

identified multiple errors in the calculation. Notification of these errors has been provided to the City. The District believes that the correct calculation of the 2021 Sewer Service Rate is \$43.09, or an increase of \$2.87. District Staff is still coordinating final details with the City and anticipates that the final number will be very close to the District's calculation. Staff recommended the District round this pass-through to \$2.90 for the 2021 Pass-through Rate adjustment. Resolution No. 814 was drafted with the Everett Sewer Basin's 2021 Pass-through at the District's calculation of the City of Everett's 2021 Sewer Service Rate.

The District received notice from AWWD that their 2021 Sewer Service Rate would increase \$2.20 per month, per ERU. This increase is reflecting a Treatment Sewer Rate increase for both King County Metro and AWWD.

The last District rate increase to the District's portion of the base water and sewer rates was in 2015, when a \$.30 per month increase was authorized to the base water and sewer rates. Prior to 2015, the District's costs have increased. In addition, the District's capital costs, especially with water capital projects have increased and the District is not recovering enough from rates to fund these capital needs. The Consultant's report identified the required water and sewer rate increases to meet the revenue needs of the District. These increases have been previously reviewed and are incorporated in the draft resolution. In addition, the Consultant and staff recommended changes to customer commercial classes and hydrant rentals. Staff also recommended a policy change that would allow the multifamily connections to be charged at the commercial water and sewer rate (meter size/consumption) during their construction period (from time of connection prior to the issuance of a Certificate of Occupancy), for a period not to exceed 120 days.

Public Hearing

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

Commissioner Backstrom opened the Hearing at 5:50 p.m. She asked that all parties in attendance that wish to testify identify themselves. There were no members of the public in attendance that wished to provide comment.

Commissioner Backstrom closed the Public Comment portion of the Hearing for public testimony.

When there was no further questions or testimony, the Commissioners deliberated discussing the wholesale cost impacts on the rate and the need to raise water rates so that capital projects will be adequately funded, and the Hearing was closed at 6:00 p.m.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved and executed Resolution No. 814 – Adopting New Water and Sewer Rates and Amending Service Fees, Amends Chapter 9.05.020, Entitled “Water and Sewer Rates”, Entitled “Service Fees and Charges” of the District Code, establishing the 2021 Water and Sewer Rates, and Repealed Resolution 492.

5) CAPITAL IMPROVEMENT PROJECTS:

a.) Staff Report – Master Meter 3 Contract Award

Mr. Smith provided a summary to the Board of Commissioners on a Staff report, Resolution No. 815, and G&O Scope and Fee for Construction Management and Inspection services, regarding the Master Meter 3 Contract Award.

On March 12, 2020, the Board approved a design scope and fee in the amount of \$61,300 with Gray & Osborne (G&O) for the Silver Acres Intertie Project, which has been renamed to the Master Meter 3 Relocation Project.

The scope of the project is to convert an existing water connection with the City of Everett to an emergency only connection for fire flow with a new motor operated valve inside an underground vault. This will enable the District to serve customers in the Silver Acres area from the south with water purchased at a lower cost than the Everett rate, which should save the District approximately \$150,000 per year.

The construction project was advertised for bids for three weeks in March, and bids were opened on March 30, 2021. Nine bids were received, six hard copy and three electronic, and a virtual bid opening was held via Teams. The lowest submitted bid was from New West Development, Inc. based in Everett, in the amount of \$398,189.70. The design engineer's estimate was \$435,494.25, and bid results are attached.

New West Development, Inc. is an experienced land development utility contractor and has done recent work for the North City Water District. They received good recommendations from North City and Silver Lake District staff who are familiar with their work. New West Development, Inc. meets all the State verification requirements, and has the experience, personnel, and equipment needed to perform the contract work. Staff recommendation is that New West Development, Inc. be awarded the construction contract for the Master Meter 3 Relocation Project as the lowest responsive and responsible bidder.

In addition, staff is proposing that G&O continue involvement in the project by providing full construction management and inspection services. District engineering and inspection staff currently do not have capacity to fully manage this scope of a construction project with all the active development projects and other ongoing capital work. A scope and fee for construction management and inspection from G&O in the amount of \$55,900 was provided for review.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved Resolution No. 815 to award the construction contract to New West Development, Inc. in the amount of \$398,189.70, for the Master Meter 3 Relocation Project.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved the proposed Gray & Osborne Scope and Fee in the amount of \$55,900, under the existing On-Call Engineering Contract for construction management and inspection of the Master Meter 3 Relocation project.

b.) Staff Report – Waldenwood Lift Station Replacement Project

Mr. Smith provided a summary to the Board of Commissioners on a Staff report regarding Waldenwood Lift Station and Gray & Osborne’s Pay Estimate No. 19.

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, Change Order No. 2 was approved on October 8, 2020, and Change Order No. 3 was approved on February 11, 2021.

A final punch list walk-through was performed by Gray & Osborne and District staff on March 17, 2021. Only some final paperwork items remain to be completed on the project.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved the monthly pay estimate for work completed in March in the amount of \$17,329.34. Work included in this pay estimate consisted of the final percentage of the lift station replacement and the fence gate in Change Order No. 2. The last remaining payment for demobilization will be made with the recommendation for final project acceptance.

6.) STAFF REPORTS:

a.) District Engineer:

No further report.

b.) Finance Manager:

Mr. Nelson relayed a conversation he had with a customer on credit card processing fees. Many customers do not realize the cost associated with credit card transactions that are either passed on to customers or are absorbed by the business (deducted from the payment amount). Customers often assume that the fee is retained by the business as some sort of surcharge rather than retained by the processor of the transaction. This is a contrast to cash, check or bank transfers which there is a very low or no cost associated with accepting the payment.

c.) O&M Manager:

Mr. Berger provided an update on a vehicle that had been declared as surplus and sold at auction. The auction proceeds are better than anticipated, offsetting a sizable portion of the new replacement vehicles cost. The surplus vehicle was a 2007 Dodge Sprinter Van.

d.) Technical Services Manager:

No further report.

e.) Attorney:

No further report.

f.) **General Manager:**

Mr. Brees shared a calendar for the month with the Board and provided a reminder regarding the upcoming WASWD Spring Conference and Section 3 meeting.

Mr. Brees provided an update on the planning that is underway and tentative date to reopening the District office for in person customer service.

The General Manager requested an Executive Session to discuss matters pursuant RCW 42.30.110 (1) (a) (ii) regarding the Risk and Resiliency Assessment Report. A motion was made, seconded, and unanimously approved by the Board of Commissioners to convene to an Executive Session to discuss this matter. Before convening to the Executive Session at 6:15 p.m., President Backstrom advised that the Executive Session would be concluded at 6:30 p.m. The Executive Session concluded at 6:30 p.m.

This ends the Minutes of the April 8, 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 April 8, 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 April 22, 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 22nd day of April 2021.

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



Shauna Willner, Secretary