

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

August 12, 2021

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on August 12, 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, Finance Manager Brad Nelson, and Kristina Baylor with the Office of the Washington State Auditor. Attending by video conference was O&M Manager Ron Berger, Technical Services Manager James Busch; Eric Delfel and Mike Johnson with Gray & Osborne, Inc.; William Linton with Inslee, Best, Doezie, and Ryder P.S., Attorney for the District; 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 July 22, 2021 were unanimously approved as circulated.

3.) PUBLIC COMMENT:

Mr. Mike Johnson and Ms. Kristina Baylor were introduced at this time, there were no members of the 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. 16994 - 17076) in the amount of \$538,413.68; Revolving Fund Checks (Check No. 7958 - 8000) in the amount of \$209,993.90, were unanimously approved and signed as follows:

Fund	Amount
Water Maintenance	\$328,577.21
Water Capital Improvement	32,758.76
Sewer Maintenance	31,478.89
Sewer Capital Improvement	145,598.82
Revolving Check Fund	209,993.90
Total	\$748,407.58

b.) Staff Report –Financial Statement Audit Proposal

Mr. Nelson provided a Staff report to the Board of Commissioners regarding the Financial Statement Audit Proposals.

The Washington State Auditor's Office (SAO) is charged by Washington Law to perform audits for the State Agencies and Local Governments. There are two types of audits that are performed: Financial Statements Audits and Accountability/Compliance Audits. The Financial Statement portion reviews the Financial Statements with respect to Generally Accepted Accounting Practices (GAAP) and the Governmental Accounting Standards Board (GASB). The Accountability/Compliance portion reviews the District's actions and operations to ensure the District is compliant with Washington State Laws. SAO policies permit local agencies to contract with an approved CPA firm to perform the Financial Statement audits, but only the SAO is authorized to perform the Accountability/Compliance review.

Based on recent experience in conducting Financial Statement Audits with the SAO, staff believes the Financial Statement Audits can be more efficiently performed by the District's CPA, Mr. David Hoagland with Clifton Larsen Allen (CLA). The hierarchical organization of the SAO had frequently mandated changes to the District's Financial Statements, based interpretations of GAAP and GASB coming from Olympia.

CLA currently prepares the District's Annual Report and can perform the review of their report. Their proposal to perform this work is \$19,000.

The SAO has also provided a proposal for the Financial Statement Audit at an estimated cost of \$16,335. SAO will invoice the District for actual staff time and in the last Audit cycle the expense was \$16,703 plus travel expenses. This expense is slightly higher than the estimate and was billed at a lower rate than the current rate.

In addition, it is noted that the SAO is required to be invited to the important meetings (Entrance Conference and Exit Conference) between the District and its consultant and may choose to attend. If they do so, they will bill their time at standard rates. SAO estimates these costs to be \$2,400.

Neither proposal factors in staff time, which can be a significant amount of time. In recent years, the District has spent significant staff time and has been billed for significant audit expenses, reviewing issues of philosophical differences in interpretation of audit standards with the SAO. Staff is hopeful that since CLA has performed the work to prepare the Financial Statements, the impact to staff for the assistance to develop and review them will be less.

Staff requested the Board accept the proposal from CLA to perform the 2019 – 2020 Financial Statement Audit.

Following discussion, by motion made, seconded, and carried unanimously, the Board authorized the General Manager to execute a Professional Services Agreement with Clifton Larsen Allen, LLP. to perform the 2019 - 2020 Financial Statement Audits.

In addition, by motion made, seconded, and carried unanimously, the Board authorized the General Manager to execute an agreement with the Washington State Auditor, to allow the Clifton, Larsen, Allen, LLP to perform the work.

5.) CAPITAL IMPROVEMENT PROJECTS:

a.) Staff Report – Lift Station No. 4 – Design Contract

Mr. Brees provided a summary to the Board of Commissioners on a Staff report regarding the Lift Station No. 4 Design Contract.

On July 23, 2020, the Board approved a consultant contract with BHC Consultants for the Phase 1 Pre-design work on the Lift Station No. 4 Generator Project. The final consultant technical memorandum was presented to the Board on October 22, 2020. The recommended scope of work was to replace the existing generator with a smaller 35kW model with a fuel tank underneath, along with new motor starters, transfer switches, and control panel upgrades.

On November 12, 2020, the Board approved a second consultant contract with BHC Consultants in the amount of \$60,720 for the design work on the Lift Station No. 4 Generator Project. Design work has been progressing slowly on the project, primarily due to other projects in process with District staff, outdated lift station design standards, and lack of standard District template contract documents.

A few changes to the project scope have arisen during the design process, including adding a larger canopy over the generator for long term weather protection, along with the building and fuel tank permits, changing the wet well detection system to radar, and updating the priming controls. This extra work was not included in the original consultant design scope and fee, and structural design for the combined generator and control panel canopy was a significant effort. The current estimated construction cost is approximately \$350,000, and the project will be ready to advertise for bids after building permit approval.

In addition, the District’s Attorney prepared a new set of standards “front end” contract documents to be used on District capital projects, which needed minor modifications by the consultant for the specifics of this project. All the new improvements in this project, as well as current development lift station work, will serve as examples to be included in an update to District design standards soon.

The cost of the additional design work is \$38,705. The breakdown of the costs has been verified by staff and are included in the design contract Addendum. Staff recommended the Board of Commissioners to authorize the General Manager to execute the proposed Addendum to the design contract with BHC Consultants. The Addendum was reviewed with the Board of Commissioners. Commissioner Warner noted that the design work associated with the canopy was a significant expense and inquired how District staff was managing the consultants work to ensure the District’s expectations and budget are in alignment with the consultant going forward.

Following discussion, by motion made, seconded, and carried unanimously, the Board authorized the General Manager to execute the proposed Addendum to the Consultant Contract with BHC Consultants, for the design work for the Lift Station No. 4 Generator Upgrade Project.

b.) Staff Report – Waldenwood Lift Station – Change Order No. 4

Mr. Delfel provided a summary to the Board of Commissioners on a Staff report regarding Waldenwood Lift Station Change Order No. 4.

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. Change Order No. 2 in the amount of \$23,410.10 was approved on October 8, 2020, and Change Order No. 3 in the amount of \$42,368.06 was approved on February 11, 2021.

During the final project closeout process, it was determined that a separate fuel tank permit was required by Snohomish County, which had not been disclosed during the initial permitting process. Regardless, one of the permit requirements was to install bollards around the above ground generator fuel tank to prevent vehicle impact. Installation of the bollards was done by both District staff and the contractor, to minimize costs and avoid damage to the existing underground piping system.

Mr. Eric Delfel, the G&O Project Manager, briefed the Board on the items proposed for Change Order No. 4. The proposed cost for Change Order No. 4 is \$8,790.65, which is available in the project's remaining contingency fund. Two working days were also added for the installation of the bollards.

Mr. Delfel presented a photo of the bollards installed at the site around the diesel fuel tank and reported that all physical work is complete and that Snohomish County has approved the primary permit (Commercial Building Permit) for the facility.

Following discussion, by motion made, seconded, and carried unanimously, the Board approved Change Order No. 4 in the amount of \$8,790.65.

c.) Staff Report – On-call Consultant Contracts

Mr. Brees provided a Staff report to the Board of Commissioners regarding the On-call Consultant Contracts.

Staff provided updates to the Board on June 8, 2021 and July 23, 2021, regarding the District's Consultant Engineer status. Gray & Osborne (G&O) has served as the District's engineering consultant since 1967 and remains as the sole on-call consultant. However, the current contract with G&O expires on August 16, 2021, with no further extensions available. A competitive selection process to contract with the most qualified engineering consultant is required per RCW 39.80.

A Request for Qualifications (RFQ) was sent to water and sewer consultants listed in the MRSC Roster on April 28, 2021. Nine responses were received by the deadline of May 21, 2021, and five were selected for an interview on Monday, June 21, 2021. Board President Anne Backstrom participated in the consultant interviews, along with five District staff members.

All the consultants interviewed very well, and each had their own strengths. District staff is recommending having a total of three on-call consultants under contract for additional backup capabilities and a wider variety of experience and skill sets. The recommended on-call consulting firms will be G&O, KPG, and Murraysmith.

The format of the new on-call consultant contracts will be based on task orders with a defined scope and fee for each task, under a total not-to-exceed (NTE) contract amount of \$100,000. The initial task order for each contract is for general on-call services, and separate task orders will be done for individual small projects. It should be noted that G&O will have a larger initial NTE contract amount (\$500,000) with seven task orders to account for work in progress under the previous contract. The contracts will have an initial two-year term with up to two one-year extensions.

Design for future District capital improvements that require a full PS&E bid package for construction would undergo a separate consultant RFQ process and subsequent design contract for each CIP project. Any separate CIP design contract would not count against the total NTE amount of the on-call contract which is intended for small projects or general engineering support.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners authorized the General Manager to execute the consultant contracts with G&O, Murraysmith, and KPG, for On-Call Engineering Support Services.

6.) MAINTENANCE & OPERATIONS REPORTS:

a.) Staff Report – District Easement Relinquishment

Mr. Brees provided a Staff report to the Board of Commissioners regarding District Easement Relinquishments.

The District has several dedicated parcels and facility easements. An inventory listing was provided to the Board, showing yellow highlighted sites that are no longer in service. As part of a recent request to clean up an old lift station site, an assessment was performed to determine if any unused parcels or easements could be vacated or released. Most dedicated properties have little to no value to surplus, especially given the required process for public agencies. However, there are two lift station sites with easements that could be easily released, the old Gateway Lift Station and the original Highlands East Lift Station.

The Gateway Lift Station was located behind the current Sprouts supermarket in the Gateway Shopping Center in Mill Creek. The lift station and force main were decommissioned and removed in 2005 with the City's Dumas Road project, but the easement remains. There is also an existing gravity sewer main onsite, but that portion of the easement will be retained.

The original Highlands East Lift Station was relocated to its current location in 2001, as part of the phased construction of the Snohomish Cascade subdivision. The previous site is still an easement within an open space tract owned by the Homeowners Association. There are no other utility facilities within that easement area, so it has no further use to the District.

Staff worked with the District Attorney's office on the appropriate easement relinquishment documents and verified that no other facilities will be impacted or unaccounted for in the easement release. The staff recommended to relinquish the easements for the Gateway and Highlands East Lift Stations to reduce the District's liability and maintenance obligations.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners authorized the General Manager to execute the Easement Relinquishment documents for the Gateway and Highlands East Lift Stations.

b.) Update – Discussion on Covid-19 Policies

Mr. Brees provided an update to the Board of Commissioners on Covid-19 Policies of the District. Adjustments have been made to the District's policies and building signage, to conform to the recent order by the Snohomish Health District and updated CDC guidelines. In all public areas of the building (lobby and boardroom), masks are now required for everyone regardless of vaccination status. All visitors must always wear a face covering throughout the building. Fully vaccinated employees that have provided documentation of their vaccination status are mask optional in the portions of the building not open to the public.

Mr. Brees reviewed with the Board, the press release and fact sheet related to the vaccine mandate for state employees and certain private employers issued by Governor Inslee on August 9, 2021. While it is not yet a requirement for the District to issue a similar mandate for its employees, Governor Inslee is encouraging all local government agencies to do so.

Following discussion on the matter of mandatory vaccinations to promote public health and protect District employees, by motion made, seconded, and carried unanimously, the Board of Commissioners directed the General Manager to prepare a draft policy requiring vaccination of District Employees against Covid-19 for future consideration by the Board of Commissioners.

7.) Interagency Reports:

a.) Update – Long Term Care Option

Mr. Brees provided an update to the Board of Commissioners on an agreement with Allstate Benefits to provide Voluntary Life Insurance to the District's employees. This insurance benefit brokered by Gallagher has a rider for Long Term Care which will allow employees to opt out of the State program. Due to the rapidly approaching deadline to opt out the state program, Mr. Brees has signed the agreement with Allstate on behalf of the District. As the program is voluntary, there is no cost to the District to make this insurance available and little is required in terms of administration. Once eligible employees are designated Gallagher and Allstate will provide a portal for employees to enroll, to manage, and to pay for their own coverage.

Following discussion by motion made, seconded, and carried unanimously, the Board of Commissioners ratified and confirmed the agreement with Allstate to provide a voluntary Life Insurance Program with a rider for Long Term Care coverage executed by the General Manager.

8.) **STAFF REPORTS:**

a.) **District Engineer:**

Mr. Brees reported on behalf of Mr. Smith that the District's application to the Public Works Trust Fund Loan program has been approved. The District requested \$450,000 as a planning loan to design a project in the Silver Acres neighborhood, replacing undersized cast iron water main and extend sewers in the streets impacted by the work to minimize restoration requirements.

b.) **Finance Manager:**

Mr. Nelson provided several updates to the Board on matters related to customer correspondence including responding to an inquiry about rate changes from a condominium owner who received a submetering invoice from another party, responding to the Building Manager of Cogir Mill Creek, a large Senior Living complex regarding the rate changes and in resolving a swapped meter between two customers.

Mr. Nelson also reported that a customer had requested a Rate Hearing regarding the volume of consumption which he had been billed for. The customer asserted that his bill was in error as current consumption was greater than his average trend of prior use. District staff verified the meter reading and checked for a leak. No leak was observed. The request was denied by the General Manager on the basis that the District bills actual consumption measured by the meter were not based upon a prior use trend.

Mr. Nelson concluded his reports with an update on letters sent to customers with payment reminders and outreach to tenants and landlords about the Renter's Assistance Program available from Snohomish County, and administered by Volunteers of America (Dial 211)

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

No further report.

d.) **Technical Services Manager:**

Mr. Busch provided an update on the project to update the District's Cross Connection Tracking software. A final element of this project was completed this past week, with the completion and testing of the data exchange between the software and the District's utility billing software. This data exchange will allow address and ownership changes to update automatically.

e.) **Attorney:**

Mr. Linton reported that the Legislature has corrected wording that is required in Public Works Contracts, regarding designation of subcontractors that had caused confusion.

Mr. Linton also reported on a decision issued today by the Washington State Supreme Court regarding the towing, impound, and threatened sale of a vehicle by the City of Seattle and its contractor (towing company). The vehicle was also the owner's home and the Court found that the vehicle was protected by the Homestead Act and that consideration must be made for one's ability to pay when levying fines and penalties.

f.) **General Manager:**

Mr. Brees provided the Board of Commissioners with a copy of the draft letter that he is preparing on by behalf of the District, providing comment to the Department of Ecology in response to the Draft Nutrient Permit.

Mr. Brees reported that a staff team and the District's consultant will be meeting with two of the respondents to the Districts RFP for a new Automatic Metering System.

This ends the Minutes of the August 12, 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 August 12, 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 August 26, 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 26th day of August 2021.

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


Shauna Willner, Secretary