

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

July 8, 2021

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on July 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 was General Manager Curt Brees, O&M Manager Ron Berger, Technical Services Manager James Busch, Finance Manager Brad Nelson and Eric Delfel with Gray & Osborne, Inc. Attending by video conference was 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 June 24, 2021 were unanimously approved as circulated.

3.) PUBLIC COMMENT:

Mr. Maher Welaye provided public comment in writing and verbally regarding the Ramalah Short Plat where AGC, LLC. is the Developer of a sewer extension to the District's system. Mr. Welaye is a member of the LLC. and disagrees with the District's calculation of an invoice issued to for pavement restoration. Additionally, Mr. Welaye is requesting that the District issue the permits for the new connections of the Ramalah Short Plat without delay. However, the District has a policy (SLWSDC 9.05.070(4)) that the District must receive payment in full for all general facilities charges and all other fees prior to issuing a permit.

In the fall of 2019, the Developer and the District both constructed improvements within the right-of-way of 131st SE. The Developer constructed a short sewer extension and the District installed a new water main on the south side of the right-of-way. The District had constructed its improvements utilizing trenchless technology, with the hope of avoiding the grind and overlay requirement for roadway restoration. Snohomish County however, determined that a full width grind and overlay would be required on 131st. The County Inspector determined the extent of the overlay by looking at cuts made by the District's contractor in the shoulder of the road and the Developers work. As the District was responsible for a larger area, it was agreed by the Developer and District staff that the District would carry out the work and invoice the Developer for a proportionate share based on actual costs. The District required a bond from the Developer for estimated cost of this work in the amount of \$2,500, actual costs are significantly higher.

Early this summer, prior to the repaving, Puget Sound Energy (PSE) also cut into this same stretch of right-of-way, installing a natural gas service to the Developer's Property. As PSE also required to grind and overlay a portion of this same roadway, the District recalculated the area of work attributable to the Developer.

Mr. Welaye stated that the Developer should not be responsible for costs attributable to PSE, as his agreement with PSE for installation of the service did not include these costs. The District is not a party to the agreement between PSE and the Developer. District staff at the request of the Developer has contacted PSE and provided cost information; however, PSE has not formally responded at this time.

The Board of Commissioners thanked Mr. Welaye for his comments.

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.16892-16929) in the amount of \$156,934.69; Revolving Fund Checks (Check No. 7895 -7929) in the amount of \$209,337.56, were unanimously approved and signed as follows:

Fund	Amount
Water Maintenance	\$46,478.51
Water Capital Improvement	2,878.17
Sewer Maintenance	39,830.06
Sewer Capital Improvement	67,747.95
Revolving Check Fund	209,337.56
Total	\$366,272.25

b.) Staff Report – 2nd Quarter Financial Reports

Mr. Nelson provided a report to the Board of Commissioners regarding the 2nd Quarter Financial Reports.

The Board of Commissioners were provided a Quarterly Financial Report that outlined the District's financial information for the second quarter and the year to date. The financial information contained within the report are considered Pre-closing reports, which means the financial information does not include accrued information for revenues and expenses. Closing entries have been prepared for 2020 and are reflected in the 2021 Capital Project Report.

The District's Second Quarter Pre-closing Revenues from all sources are \$14,238,767. This was an increase of \$2,096,877 compared to the Second Quarter of 2020. The most significant reason for this revenue increase was collection of \$2,605,305 of New Connection Fees; of which, \$1,641,798 was attributable to Bills of Sale which are not cash payments. Charges for Service revenues increased \$908,921, based mainly on the 2021 Utility Rate Increase and an increase to water consumption. Investment Income decreased \$216,231.81, as the Federal Reserve Bank continues to hold interest rates down. A Table was provided that outlined the Total Revenues from 2020 and 2021.

Tables were also provided that outlined the District's historic Bills of Sale (Donated Water and Sewer Systems) and New Connection Fees (Cash Paid by New Customers, General Facility Charge) revenues from 2014 to 2021. The first Table represented New Customer Revenues received during the Second Quarter of each year. The second Table represented Annual New Customer Revenues. While the District did have strong non-cash Bills of Sale revenues, its cash collections of General Facility Charges were \$901,710, or \$134,710 less than the Second Quarter of 2020. Special Connection Fee collections were not included with the data since they represent repayment for District ratepayer investment in projects.

The District received \$564,523.42 more in Water Service Revenues, with customer water consumption (measured in units) slightly up by 1.4% from 2020. It should be noted that June was a very strong consumption month, as customer billing totaled 162,869 units, which was a 12.4% increase from June 2020. Two Tables that were provided showed customer water consumption in units over time; one unit equals 100 CF.

The District's total expenses for the Second Quarter of 2021 were \$8,750,564, which is a decrease of \$1,014,664 from the Second Quarter of 2020. The largest operating costs continue to be purchased water and sewer treatment services, which total \$2,836,566. Staff would note that the significant decrease in the Second Quarter purchased water and sewer treatment services costs are mainly attributable to delayed billings from the City of Everett. Staff reached out to the City regarding missing sewer treatment invoices for March, April, May, and June for \$2,653,253.64. Staff would note that June's invoices were just recently submitted July 6, 2021.

Currently, the District's Net Income through June 30, 2021, is \$5,448,203, which when adjusted with the missing City of Everett sewer invoices, \$2,653,253.64 would be a slight increase from 2020.

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 \$25,902.68. Since the COVID-19 Pandemic, Governor Inslee issued a proclamation that placed a moratorium on service disconnections and late/delinquent fee assessments for past due customers. The Governor has extended the moratorium for service disconnection to September 30, 2021. It is anticipated that this will be final extension of the moratorium.

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 June 15, 2021, there were 288 accounts three or more bill periods past due, as outlined in the Table that was provided. Overall, there has only been a slight increase in the number and dollar amount of long-term past due accounts since the last report.

The District's cash and investments totaled \$49,084,518.67, which was an increase of \$3,575,425 from June 30, 2020. Staff noted that the late City of Everett Sewer invoices would decrease cash by approximately \$2.6M.

Included with the Financial Statements were 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 finished the asphalt bid documents and the work was completed on June 16, 2021.
- **Windsong Lift Station Abandonment** - The Board initially approved this project for \$613,648. Design is completed and the Board approved the contract in April 2021. With the approval of the contract in April, the project budget increased to \$1,128,000, including a 10% contingency.
- **Waldenwood Lift Station** - The Board initially approved this project for \$2,635,000. 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 for the project. The Board of Commissioners approved Change Order No. 1, No. 2, and No. 3, which are reflected in the financial information and has drawn down the remaining contingency to \$92,475.
- **Silver Acres Intertie/Master Meter No. 3 Relocation** - The Board's most recent project budget approval was for \$457,200. Design on the project is complete and low bid was \$398,189.70. The Board is being asked to approve Change Order No. 1 for \$25.3k, and adding a 10% contingency, the total project budget would increase to \$596,745, or an increase of \$139,545.00.
- **Pioneer Trails Lift Station** – The Board initially approved this project in the Sewer Comprehensive Plan for \$2,452,000. Design is ongoing, with a change order to complete the final design of \$391,902, with the most recent construction estimate at \$4,300,000. Based on these new estimates, including a 10% contingency, the total project budget could approach \$5,873,705, or an increase of \$3,331,705 from the Sewer Comprehensive Plan.
- **Thomas Lake Lift Station** – The Board initially approved this project in the Sewer Comprehensive Plan for \$2,133,000. Design is ongoing, with a change order to complete the final design of \$159,100, with the most recent construction estimate at \$2,100,000. Based on these new estimates, including a 10% contingency, the total project budget could approach \$3,026,200, or an increase of \$893,200 from the Sewer Comprehensive Plan.
- **Lift Station No. 4 Generator Upgrades** – The Board initially approved this project in the Sewer Comprehensive Plan for \$255,000. Design is ongoing, with the consultant exceeding

their proposal costs. A final scope and request to bid the project will provide an updated project cost estimate.

Project budget adjustments will be reported to the Board with the specific project report.

5.) CAPITAL IMPROVEMENT PROJECTS:

a.) Staff Report – Waldenwood Lift Station Project - Pay Estimate No. 20

Mr. Delfel provided a report to the Board of Commissioners on a Staff report regarding the Waldenwood Lift Station Project - Pay Estimate 20.

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 walkthrough was performed by G&O and District staff on March 17, 2021. Only some final paperwork items remain to be completed on the project, including a County building permit and associated new requirements for the generator fuel tank.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved Monthly Pay Estimate No. 20 for work completed in March in the amount of \$50,412.50. Work included in this pay estimate consists of the final payment for demobilization.

There will be one last pay estimate with the recommendation for final acceptance that includes work associated with the fuel tank permit.

b.) Staff Report – Master Meter 3 Relocation - Change Order No. 1

Mr. Delfel provided a report to the Board regarding Master Meter 3 Relocation– Change Order No. 1.

The District awarded the Master Meter 3 Relocation Project to New West Development, Inc. on April 8, 2021. Work is scheduled to begin in August after procurement of some long lead time items, such as the new underground vault and electrical control panels.

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. Instead of a generator for auxiliary power, the District is incorporating a new backup battery system since the power demand is relatively low.

However, the battery module and associated inverter were inadvertently omitted from the bid package by the consultant, and a change order is needed to add the proposed equipment back into the scope of work.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved Change Order No. 1 in the amount of \$25,305.77, which was verified by the District's electrical consultant. Working days will be addressed in the future if equipment delivery becomes a critical path item on the project schedule.

6.) MAINTENANCE & OPERATIONS REPORTS

a.) Staff Report- Electronic Content Management System

Mr. Busch provided a summary to the Board of Commissioners on a Staff report regarding an Electronic Content Management System.

Over the last several years, the District has accumulated increasing amounts of electronic content. Some examples include contracts, DE Agreements, agenda packets, as-built plans, and numerous documents related to capital construction projects. Currently, these document types are stored in various folders on the District's file server. While this storage method meets basic needs, staff recognized the benefits of a more advanced ECM System to store, search, track, and purge its digital records. While preparing the 2021 Financial Plan, staff allocated \$80,000 in 2021 to research and purchase an ECM solution, with estimated ongoing annual software maintenance costs of \$15,000.

In 2019, the Municipal Research and Services Center (MRSC) and the Washington State Auditor's Office released the *PRA & Records Management Technology Guide* to assist government entities in Washington State with the management of electronic records. In the guide, they list several benefits of utilizing technology to manage agency records that include: greater efficiency, lower staff costs, lower records storage costs, reduced potential for PRA litigation and penalties, improved customer service, improved regulatory compliance, enhanced records security, and better backup and disaster recovery. Additional benefits include support for digital signatures and electronic forms.

To assist agencies with acquiring ECM Systems, the Washington State Archives signed master contracts with three ECM vendors: OpenText, Hyland, and Laserfiche. District staff evaluated all three products and met with representatives to view a demo of each product. Four-year price estimates ranged from \$58,000 to \$123,000. Based on these meetings, staff chose Laserfiche (implemented by a local reseller, Cities Digital), as the best option based on functionality, responsiveness, and cost. Staff also contacted four other agencies in Washington State (City of East Wenatchee, City of Anacortes, City of Arlington, and Thurston County) for references. All four reported positive experiences with both Laserfiche and Cities Digital.

The quote received from Cities Digital for Laserfiche is \$56,380 (Software: \$33,740, first year software maintenance: \$10,240, Implementation Services: \$12,400) and is available through the Washington State master contract for Electronic Content Management Systems.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners authorized the General Manager to execute a software and implementation agreement with Cities Digital for Laserfiche

b.) Update – Long Term Care

Mr. Brees provided an update to the Board of Commissioners regarding Long Term Care (LTC). Mr. Brees reviewed two options for a voluntary program where employees could elect to obtain coverage in a simplified enrollment and underwriting process through Gallagher, an existing vendor to the District for other insurance programs. Mr. Brees noted that an All Staff meeting is scheduled for next week to review these same program offerings and that a survey would be sent via email to employees and Commissioners to gauge interest in participating in the voluntary program.

7.) STAFF REPORTS:

a.) District Engineer:

No report.

b.) Finance Manager:

Mr. Nelson reported that the Finance Division staff will be returning to full strength on Monday the 12th. Additionally, this is the date that the office will reopen for in-person customer service.

Mr. Nelson commented on staff in the Finance Division and Operations & Maintenance regarding customer service provided either in response to inquiries about the rate change or afterhours response to assist customers.

c.) O&M Manager:

Mr. Berger provided a report on water use during the June heat wave. The daily system wide use peaked near 9 MGD.

d.) Technical Services Manager:

No further report.

e.) Attorney:

Mr. Linton reported that the State Supreme Court recently ruled in a case pertaining to Public Works contracts and that he would send the decision to District staff for review.

f.) General Manager:

Mr. Brees shared scheduling information regarding the upcoming 2021 WASWD Fall Conference & Trade Show.

Mr. Brees reported on federal assistance programs that are beginning to take shape that may provide some relief to some of the District's customers. One program will be known as the LIHWAP and will function similar to energy assistance programs to assist very low-income households with monthly water/wastewater utility bills. The LIHWAP will be administered by Snohomish County according to State guidelines. Additionally, Snohomish County and the City of Mill Creek are directly receiving federal funds which may be allocated to assist customers with utility bill arrearages resulting from impacts of the pandemic.

This ends the Minutes of the July 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 July 8, 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 July 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 July 2021.

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



Shauna Willner, Secretary