

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

November 24, 2020

The special meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on November 24, 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, Finance Manager Brad Nelson, O&M Manager Ron Berger, Technical Services Manager James Busch, and Engineering Intern, Hawk Radosevich; William Linton with Inslee, Best, Doezie, and Ryder P.S., Attorney for the District; Eric Delfel, Keith Stewart and Russ Porter 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 regular meeting of November 12, 2020 were unanimously approved as circulated.

3.) PUBLIC COMMENT:

No members of the public participated in the teleconference.

4.) FINANCIAL MATTERS:

a.) Vouchers and Check(s) Approval

Following discussion of various matters, Vouchers (Check No. 15945 – 15994) in the amount of \$148,458.72; Revolving Fund Checks (Check No. 7464 – 7488) in the amount of \$10,852.55, were unanimously approved and signed as follows:

Fund	Amount
Water Maintenance	\$35,919.27
Water Capital Improvement	6,653.91
Sewer Maintenance	59,708.84
Sewer Capital Improvement	46,176.70
Revolving Check Fund	10,852.55
Total	\$159,311.27

b.) Staff Report – 2021 Financial Plan – Forecast Contracted Water and Sewer Rates

Mr. Nelson provided a verbal summary to the Board of Commissioners on a Staff report regarding the 2021 Financial Plan-Forecast Contracted Water and Sewer Rates.

The Silver Lake Water and Sewer District's largest cost is to purchase water and to provide sewer treatment services for our customers. The District purchases water directly and indirectly from the City of Everett. Sewer treatment services are provided by the City of Everett and King County Metro Sewer through the Alderwood Water & Wastewater District (AWWD). In 2019, the District spent over \$10.8 million to purchase water and pay for sewer treatment services. For 2020, the District (through October 31, 2020) has spent over \$8.6 million for the same services and by year end, we expect to pay \$11.2 million. Since the District's customer's water and sewer rates are highly dependent on these contracted service rates, this report provided a forecast over the next five years. Forecasting the contracted water and sewer rates can be very challenging since they are highly dependent on shifting capital projects, changing regulatory environments, and the financial decisions of the respective agencies. Staff has worked together with representatives at the City of Everett and Alderwood Water & Wastewater District to develop these long-term forecasts for their water and sewer service rates. Included in the packet were tables for contracted water and sewer service that outline the 2021 rate and forecasted rates to 2025. In addition, in the appendix section, there were Tables that outlined water and sewer historical rates from 2012, and the forecasted rates to 2025.

Historically, the District's purchased water units is fairly consistent, with a few seasonal spikes related to hot and dry summer weather. However, in 2015 and 2017, the area experienced an extended hot and dry season resulting in a significant increase in water use. For 2020, the District experienced stronger demand with residential and multifamily customers and less demand by commercial and irrigation customers. Staff mainly believes this is a direct result of the COVID-19 pandemic and resulting stay-at-home orders and economic changes.

Most of the District's water supply is purchased through the CWSA. The CWSA's Water Purchase Rates are outlined under a Long-term Contract between the City of Everett and AWWD. The District also purchases a smaller portion of its water directly from the City of Everett and as a wholesale customer of AWWD. Since the District has one water basin, the net cost of water to the District is a blend between the three sources.

For CWSA, staff anticipates a 2% water demand increase in 2020 and a \$.10 change to the CWSA rate. The rate change is a result of the City of Everett communicating significant capital projects at the filtration plant. In addition to the City of Everett water rate, the CWSA water rate includes power, maintenance, and capital projects. In 2021, staff estimated an increase of \$.16 to these other costs, mostly related to the electrical upgrades with the CWSA Reservoir. The District's total forecast increase of CWSA water costs would be approximately \$392,911. A Table was provided that outlines the actual, estimated, and forecasted water rates and consumption estimates from 2020 to 2025 for the CWSA.

In 2013, the City of Everett began a series of significant water rate increases within the 20% per year range. However, in 2017, the City of Everett decided to bill the two wholesale Districts under City rates, which reduced the cost of City water under a declining block

methodology. For 2021, the City is forecasting a \$.11 per unit increase or 4.39% increase from their 2020 rate.

In 2015, the District completed Master Meter No. 10 and began purchasing water directly from the Alderwood Water & Wastewater District as a wholesale customer. For 2021, we expect the AWWD Water Rate to increase by \$.13 per unit, or 9%. As with the City of Everett and CWSA, the AWWD Wholesale Rate is being driven mainly by new capital projects.

Factoring in the additional purchases directly from the City of Everett and AWWD, the District anticipates the Net Water Rate to increase approximately \$.1046 per unit to \$1.2573 per blended water unit in 2021, depending on how much water is purchased directly from the City of Everett and AWWD. A Table was presented that showed the Historical and Forecasted Blended Water Rates from 2020 to 2021. Also provided was an overview Table of the contracted water rate increases between 2021 and 2025 for CWSA, AWWD, and the City of Everett. Overall, staff expects per-unit water rates to increase at an annualized rate of 2.24%, with an annualized increase in consumption of 1.19% over the next five years.

The District purchases sewer treatment services from the City of Everett and AWWD. The District has created two sewer basins to allocate the respective sewer treatment costs to customers. There are approximately 14,705 sewer customers including 650 Cross Valley customers, in the Everett Treatment Basin. There are approximately 2,481 sewer customers in the AWWD Basin. Commercial customer connections are converted to Equivalent Residential Units (ERU) for the purposes of being charged by both agencies.

Both sewer rates are determined by long term contract. Not included within the City of Everett's Sewer Treatment Rate, is the District's share of capital projects at their sewer treatment plant. City of Everett Treatment Plant Capacity Capital Projects are billed separately to the District. The District funds the Treatment Plant Capacity Capital Projects with a General Facility Charge (GFC) revenue and with the proceeds of a Public Works Trust Fund Loan.

A Table was provided that outlines the City of Everett's Historical and Forecasted Sewer rate. The City of Everett has estimated their 2021 Sewer Rate to be \$53.39, which is an increase of \$2.22 or 4.34%. The City is also forecasting the District's rate to increase \$5.36 in 2021. This is the third consecutive year that the District's rate has increased at a higher dollar cost than the City's Sewer rate. By 2025, the District's Treatment Rate is forecasted to be \$66.75.

The Contracted Sewer Rate in the AWWD Sewer Basin is 5% of the AWWD Sewer Rate and 100% of the King County Metro Sewer rate. In 2019, King County Metro adopted a new Sewer Ordinance that slowed their sewer rate increase with the next scheduled increase in 2021 to \$47.37 per month. The AWWD Sewer Rate is also expected to increase in 2021 to \$69.09 per month. The net AWWD Sewer Rate to the District will increase to \$50.82 or \$2.20 per month.

A Table provided outlines the Forecasted Sewer Rates for the City of Everett and the AWWD. The District anticipates the City of Everett Contracted Sewer Rate will increase an annualized 4.17% over the next five years, with the Customer ERU's increase being just under 1% per year. Overall, staff expects the City of Everett's Sewer Rate to increase from its present \$40.08 to \$56.81 per ERU by 2025. They anticipate the AWWD Sewer Rate to increase an annualized 2.15%, with the customer ERU's increasing just under 1% per year. Overall, staff expects the AWWD Sewer Rate to increase from \$48.46 to \$57.39 per ERU by 2025.

As was the case last year, staff continues to be uncertain about the forecast estimates for both sewer basins. For customers within the Everett Sewer Basin, the most significant impacts will be the capital costs if the existing treatment plant is required to upgrade to meet new requirements from the Department of Ecology. In addition, the matter of the City of Everett's land purchase for bio-solids removal remains unresolved between the parties.

For customers within the AWWD Sewer Basin, the most significant impact to the District's rate are rate changes implemented by King County. King County is highly dependent on debt financing for capital project costs.

In summary, staff anticipates a "Pass-through" Water Rate for 2021 of \$.10 per water unit for all water customers. We anticipate the 2021 Everett Sewer Basin Rate increase to be \$8.15 per ERU as a "pass-through", which is a combination of the 2020 and 2021 City of Everett Sewer Rate increases. Finally, we anticipate the 2021 Alderwood Sewer Basin Rate increase to be \$2.35 per ERU, which is a combination of the 2020 and 2021 AWWD Rate increases. A Table was provided that outlines the forecasted impact to customer rates for 2021. Unlike previous year's reports, staff presented an estimated District portion of the rate increase, deferring to the planned 2019 Water and Sewer Rate and General Facilities Fee Study planned now for early 2021.

5.) Development Projects:

a.) Staff Report – Future Sewer Planning Maps

Mr. Smith provided a verbal summary to the Board of Commissioners on a Staff report and Example Maps of Planned Future Sewer Service.

At the end of May, the District hired a new Seasonal Engineering Intern, Mr. Hawk Radosevich. Mr. Radosevich is a senior in the Mechanical Engineering Program at the Everett branch of Washington State University. He had previously worked for two summers in the Water and Wastewater Department at the City of Monroe and is interested in pursuing a career in Public Works.

The new Engineering Intern position had two primary duties. The first was to draw in missing sewer laterals in the District's GIS map, which is an ongoing effort. There were approximately 16,000 missing laterals in the system, and around 2,500 have been drawn in, to date. The highest priority was to capture the missing laterals in the CCTV inspection areas, which was completed in advance of the field work.

The other significant duty was to work with the District Engineer to create a plan and maps for future sewer in unserved areas. There are several areas around the District, some of which are relatively large in size, that still do not have sewer service available. Staff frequently receives questions from developers and residents in these areas about how to connect to sewer, and a more comprehensive future plan is needed. A more formal plan would also help to avoid one development from short changing another in the future by not constructing their fair share of the system.

Mr. Radosevich provided a presentation on the sewer planning work he completed over the summer, as well as a demonstration of the new GIS map. Two example maps with the existing sewer mains (in green) and proposed new lines (in purple) were provided to the Board as part of the agenda packet.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners accepted the proposed GIS Future Sewer Planning Map for use in providing service guidance to developers and customers.

b.) Staff Report – Pinewood Terrace Latecomer’s Agreement

Mr. Smith provided a summary to the Board on a Staff report, Flow Chart Process of a Latecomer Process, a Vicinity Map, a Sewer Plan Sheet, Latecomer Fee Options, and a Latecomer Fee Map, regarding the Pinewood Terrace Latecomer’s Agreement.

On December 12, 2019, the Board approved Resolutions Nos. 786 and 787 to update the Reimbursement Agreement (aka latecomer’s) process in District Code Section 6.15.030 and adopt a new agreement form, respectively. The basic steps in the latecomer’s process can be seen in the flow chart, where red is developer actions, green is staff, and purple is the Board. Two Latecomer’s Agreements for the Aalseth and Hopkins Short Plats were reviewed and approved by the Board earlier this year.

Another Latecomer application was submitted for the Pinewood Terrace Sewer Extension which is for an offsite gravity sewer main. The sewer improvements on the Pinewood Terrace project were completed in mid-2019, but final acceptance was not granted by the District until November 2020 after the developer completed the final roadway restoration. In accordance with District Code, the developer submitted the required latecomer application materials within the appropriate timeline.

The Pinewood Terrace project installed approximately 1,335 feet of new sewer main along 120th Street SE between 31st Drive SE and 35th Avenue SE. The new sewer serves five vacant developer parcels on the west end of the project and one larger vacant parcel on the east end near 35th Avenue SE. The development project also installed sewer stubs to each of the 12 existing parcels along the route for future connections. These parcels have existing homes that are on individual septic systems.

There are various methods that can be used to calculate the Assessment fee on a Latecomer’s agreement. Staff considered the three most common and applicable to this project (front footage, area, and the number of stubs installed):

- Front footage can be a good option if all parcels have direct and proportionate frontage lengths along the sewer main. However, there is one parcel at 11918 32nd Drive SE with dual frontages, and the shorter roadway frontage was used in the calculations. The “pie shaped” parcels along the roadway curve are also problematic since the properties have similar areas and development potential, but the frontage lengths are skewed for parcels on the inside of the curve vs. outside.
- The area method can be the easiest option since it is a known quantity from County tax records, and most parcels in this agreement area are quite similar. However, there are small variations in the individual parcel area that would skew the Assessment fee, while the future development and connection potential is the same for each lot.
- The number of stubs installed is the most straightforward method and matches the future development and connection potential, which is the same for each lot. The development cost can simply be divided between the total number of stubs to determine the Assessment fee and is easily defensible and explainable. For easier administration by the District, that amount would then be assessed on the entire parcel at the time of connection.

The assessment method using the number of stubs installed is the staff recommended option for the Pinewood Terrace Latecomer application. The total developer cost on the project was \$593,683.37. For 20 total stubs installed, the fee would be \$29,684.17 for each parcel.

The Board of Commissioners supported the staff proposed assessment methodology and fees for the requested Latecomer application. Notice will be sent to the affected parcels. After allowing time for public comment, the final Reimbursement Agreement will be brought to the Board for approval.

6.) Capital Improvement Projects:

a.) Staff Report – Water Quality Sampling Results and Recommendations

Eric Delfel, Keith Stewart, and Russ Porter with Gray & Osborne, Inc. presented finding and recommendations of a report to the Board regarding the Water Quality Sampling.

The Silver Lake Water and Sewer District (District) contracted with Gray & Osborne to perform an assessment of the District’s existing water distribution system, with regards to water quality and maintaining sufficient chlorine residual throughout the system at all times. The assessment was also in response to changes in the Washington Administrative Code (WAC) with regards to the definition of a detectable chlorine residual.

The goal of the assessment was to identify potential causes for low chlorine residuals within the distribution system during both summer and winter months, and to identify possible modifications, both physical and operational, that may help ensure a high quality, consistent, compliant, and cost-effective water supply to District customers.

On June 25, 2020, Mr. Delfel, the G&O Project Manager, had briefed the Board on the results of the report. Mr. Delfel provided an update on the water quality monitoring and sampling activities performed over the summer, as well as recommended future actions to improve the detectable chlorine levels in the District's water system.

During the summer of 2020, G&O together with District staff conducted additional sampling within Reservoir No. 3, monitored selection locations for chlorine decay, and performed additional hydraulic modeling in the Silver Acres neighborhood.

As result of this additional work together with the prior work, the following recommendations and next steps were presented:

- Recommended discussing operational changes to the supply to the CWSA Supply with AWWD, to promote additional exercising of reservoirs.
- Discuss with the City of Everett to boost the chlorine residual, leaving the water filtration plant during summer months to account for the chlorine decay.
- Installation of chlorine boosters at Reservoirs No. 3 and 4
- Evaluate the need for chlorine boost at Reservoir No. 2
- Conduct maximum TTHM formation of the Everett Water Source to gauge the effect of chlorine boosting

7.) **Maintenance & Operations:**

a.) **Staff Report – Sewer Bypass Pump Training**

Mr. Berger provided a Staff report and presented photos to the Board of Commissioners regarding Sewer Bypass Pump Training.

The District recently purchased a Godwin Sewer Emergency Pump that can be used at a majority of the District's lift stations during emergencies, or for by-pass pumping between manholes or other events.

Start up and training occurred on November 5, 2020 and took place at the 180th Street Sewage Lift Station. Two Godwin Pump Representatives were onsite to conduct the training. The pump worked well, bypassing the station flows and valving the emergency standpipe to direct pump back into the existing wet well.

During the testing it was determined that the purchase "flange" type of connection hoses for the discharge on the higher head (PSI) stations is required. The standard type of connections could come apart under severe conditions.

Additionally, the District may request that Gray & Osborne will perform an evaluation of all the District sites that will work with this pumping unit and assist in the development of SOPS (Standard Operating Procedures) for each site.

b.) **Staff Report – Water Main Break**

Mr. Berger provided a report and presented photos to the Board regarding a Water Main Break.

On Monday, November 16, 2020, at 9:45 p.m., the District's Duty responder received a call about a possible water main break at 1319 130th Street SE, Everett. After confirming that it was a water main break, crew was assembled to make the repair. A District Vector truck excavated the 6" Cast Iron pipe and exposed a full circle break. It appeared that this pipe was leaking for some time, due to the shiny nature of the pipe at the break point. A County storm water pipe was only a few feet away from the water main and concealed the water from surfacing.

A repair was made using a 6" Stainless Steel Repair band. No property damage occurred at this site. The 6" Cast Iron pipe is at least 60 years old and was installed in the late 1950's to 1960. Leak Detection was performed in the Silver Acres area in the fall of 2019, with no leaks discovered in this vicinity.

Crews finished the repair on-site and were back to the shop by 12:30 a.m. on Tuesday morning. Final, backfill and compaction was completed during normal shift time on Tuesday, November 17, 2020.

8.) Interagency Reports:

a.) Staff Report – Clearview Water Supply Agency

General Manager Curt Brees and Commissioner John Warner attended the Clearview Water Supply Agency (CWSA) Meeting held on November 18, 2020. The meeting was held in a video/teleconference format. The meeting agenda included a review of Maintenance and Operations Reports and Financial Reports. The CWSA Group is also in the process of preparing a Budget for 2021 and the draft operational expenditures were presented.

There were no after-hours callouts during the month of October. Minor maintenance items have been completed at the pump station including, grounds maintenance, inspections, and gutter cleaning. Generator block heaters were found to need replacement, and replacements that will qualify for a Snohomish PUD rebate have been ordered. The pump station ran at a flow rate that averaged 8.4 MGD during October.

There were no major items to report with respect to finances for the month of October. Monetary Assets for CWSA, as of October 31, 2020, totaled \$1,041,605.43. The vouchers approved at the meeting totaled \$419,811.93. The District's utilization was 30.74% of the total volume delivered by CWSA during October.

In other business, the draft Operational budget for 2021 was discussed. There are no major changes to the Operational budget; however, it is anticipated that there will need to be a larger capital project to repair and replace components of the electrical system at the pump station. The District is responsible for 26.87% of costs associated with the pump station.

The next meeting of the CWSA is scheduled for Wednesday, December 18, 2020, where the budget for 2021 will be approved. The meeting will be held at 3:00 p.m. The meeting will be held virtually utilizing Teams.

9.) **STAFF REPORTS:**

a.) **District Engineer:**

Mr. Smith had no further report; however, Mr. Delfel reported on the status of the Waldenwood Lift Station commissioning and presented photos of the current progress.

b.) **Finance Manager:**

Mr. Nelson reported that there are two accounts with unique circumstances that will be sent a Notice of Intent to lien for delinquent charges. One account is a commercial fire service and the second is a terminated account associated with a property that is being redeveloped and will be served by the City of Everett. Mr. Nelson also provided a summary update on the status of all other significantly past due accounts.

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

Mr. Berger reported that the District has taken delivery of a new Vactor Truck. Staff will complete the final outfitting of this truck for service and begin the process to decommission and then surplus of one of the existing trucks.

d.) **Technical Services Manager:**

Mr. Busch reported that Morgan Sound has completed the project to update the Board of Commissioner's Meeting room A/V equipment to facilitate virtual meetings.

e.) **Attorney:**

Mr. Linton provided an update on the litigation between King County and other parties regarding the imposition of rent for use of the right-of-way.

f.) **General Manager:**

Mr. Brees provided a draft copy of the District's 2020 Fall/Winter Newsletter that will be going into the mail soon.

The General Manager requested an Executive Session to discuss matters pursuant to RCW 42.30.110 (1) (g) regarding Performance Reviews of Public Employees. 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 6:45 p.m., President Backstrom advised that the Executive Session would be concluded at 7:30 p.m. The Commissioners and the General Manager then attended the Executive Session. The Executive Session concluded at 7:30 p.m. and the open public meeting reconvened.

This ends the Minutes of the November 24, 2020 Special 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 November 24, 2020 Special 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 December 10, 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 16th day of December 2020.

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



Shauna Willner, Secretary