

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

January 28, 2021

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on January 28, 2021, 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, and Finance Manager Brad Nelson; William Linton with Inslee, Best, Doezie, and Ryder P.S., Attorney for the District; 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). Four members of the public joined the meeting by telephone.

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 January 14, 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 Pinewood Terrace Latecomers Agreement. No members of the public provided comment at this time.

4.) PUBLIC HEARING

a.) Staff Report – Pinewood Terrace Latecomers

Mr. Smith provided a summary to the Board of Commissioners on a Staff report regarding the Pinewood Terrace Latecomers.

Reimbursement (aka Latecomer's) Agreements are right afforded to Developers under State law (RCW 57.22.020) according to requirements specified in District Code Section 6.15.030. A latecomer application was submitted in 2020 for the offsite gravity sewer main constructed as part of the Pinewood Terrace Developer Extension. The sewer improvements on the Pinewood Terrace Developer Extension have been accepted by the District, and the developers have submitted the required application materials within the appropriate timeline.

This project was presented to the Board on November 24, 2020, and individual notice letters were sent to each affected property owner on December 1, 2020. One response was received from Bryn Kruse at 3310 120th Street SE, who inquired about the high cost of the assessment and had a few complaints about the construction project.

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 developer parcels on the west end of the project and one larger 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.

There are various methods that can be used to calculate the pro rata share for each benefiting property (latecomer's fee amount). The assessment method, based on the number of stubs installed, has been determined by the District to be the most equitable for the Pinewood Terrace latecomer application. 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 total developer cost on the Pinewood Terrace project was \$593,683.37. For 20 total stubs installed, the fee would be \$29,684.17 for each benefiting parcel. This fee would be assessed on all parcels except for the six lots owned by the developer that constructed the extension.

b.) Public Hearing – Pinewood Terrace Latecomers – Resolution No. 806

Mr. Brees and Mr. Smith 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 5:45 p.m. She asked that all parties in attendance that wish to testify identify themselves. Mr. Brees suggested that each participant be provided five minutes for comment and clarified that all comments and questions should be directed to the Board. At the conclusion of comments, the Board members may choose to ask clarifying questions of the public, developer, or staff.

There were four members of the public in attendance that wished to provide testimony or ask questions, three were benefiting property owners and the fourth was a representative of the Developer, Dale Packard. Each member of the public was provided an opportunity to speak. Concerns raised by the members of the public included: the high cost of the extension and assessment to each benefiting parcel, impacts to the residents during construction of the extension, poor communication regarding the process, the repercussions of not accepting the original offer to participate in the extension, and an initial cost estimate that was considerably lower than the final reimbursement amount. The Developer explained how he had attempted to contact all the residents along the sewer route, the lack of interest in participating in the extension expressed by property owners and outlined how the initial cost estimate was an early estimate and the final costs were considerably higher due to paving and restoration requirements by the County.

Once all the members of the public in attendance had a chance to speak, Commissioner Backstrom closed the Public Comment portion of the Hearing for testimony.

The Board next discussed the agreement and were invited to ask questions or provide testimony. The Commissioners reviewed the costs associated with the extension and noted while the fee is high, the subject properties will be substantially benefited by having a sewer connection available. The Commissioners asked clarifying questions of staff and the developer regarding construction impacts and the notification process to residents.

The Commissioners, upon the request of one of the members of the public, allowed a follow up question regarding the duration of the agreement and the amount of District's General Facilities Charges that are in addition to the Latecomers charge. Mr. Brees answered these questions based on the fees and policies of the District that are in effect today but noted that he could not speak to what the policies or fees might be in place ten years from now.

Mr. Linton also commented to the member of the public that the District cannot provide legal advice or advise a member of the public of what action they should take.

When there was no further questions or testimony, the Commissioners deliberated, and the Hearing was closed at 6:25 p.m.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved and executed Resolution No. 806 – Establishing a Latecomer Charge for the Sewer Lines Constructed in Conjunction with the Pinewood Terrace (Project No. 16-0006) Developer Extension. The Board also authorized the General Manager to execute a Reimbursement Agreement for the Pinewood Terrace Sewer Extension.

5.) 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. 16207 - 16245) in the amount of \$369,004.69; Revolving Fund Checks (Check No. 7572 - 7594) in the amount of \$8,603.25, were unanimously approved and signed as follows:

Fund	Amount
Water Maintenance	\$197,299.18
Water Capital Improvement	280.89
Sewer Maintenance	171,424.62
Sewer Capital Improvement	0
Revolving Check Fund	8,603.25
Total	\$377,607.94

b. Staff Report – 2021 Audit Engagement for Fiscal Year Ended Dec. 31, 2020

Mr. Nelson provided a summary to the Board of Commissioners on a Staff report regarding the 2021 Audit Engagement for Fiscal Year Ended Dec. 31, 2020.

The Silver Lake Water and Sewer District engages the services of a professional Certified Public Accounting (CPA) firm to review and prepare the District's Annual Financial

Report. The lead accountant is Mr. David Hoagland with Clifton Larson Allen. The proposal price for the work is \$24,600 which is an increase of \$675 from 2020's work.

The work is scheduled to beginning in March with the Financial Statement completed in May. Mr. Hoagland will report to the Board of Commissioners at their May 27, 2021 meeting with the reports being filed with the State of Washington by May 30, 2021. The 2021 Audit Schedule was provided as an attachment.

The District has also requested that Clifton Larsen Allen provide a proposal to conduct the Financial Statement audit in addition to the preparation of the Financial Statements. This would shift this work from being performed by the Washington State Auditor's Office. However, it requires approval of the Washington State Auditor's Office to make this change.

Staff will return to the Board of Commissioners with a report on transferring the Financial Statement audit, including the costs, timeline line for conducting the work, and a recommendation regarding the change.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners authorized the General Manager to execute a Professional Services Agreement with Clifton Larson Allen for accounting services.

6.) CAPITAL IMPROVEMENT PROJECTS

a.) Staff Report – Update on DE Code

Mr. Smith provided a Staff report to the Board of Commissioners regarding an Update on DE Code.

During the February 27, July 23, and August 27, 2020 Board meetings, staff discussed the current Developer Extension (DE) forms and various issues that could benefit from some process improvements. Over the past year, staff have been working with the District's Attorney to update the current DE Agreement form and associated District Code sections, which have been delayed due to the ongoing pandemic.

The proposed new DE Application and Agreement forms were presented and discussed at the Board meeting on January 14, 2021. Along with the new DE Agreement, changes are needed to three related portions of the District Code, as summarized below:

- **Chapter 6.15** - Delete outdated, unused sections and replaced with a new definition of threshold triggers for a DE Agreement, along with process housekeeping changes to the Latecomer's section.
- **Chapter 6.20 - Article 1 of the Development Standards** – Updates to eliminate duplication and conflicts between the DE Agreement and Code, along with many internal process housekeeping changes. Major housekeeping updates include:

Definitions	Survey Work
Safety	Easements

Service Applications	Early Construction Water
Addressing Existing Services	Credit for Existing Services

- **New Section 9.05.100** – Potential new DE fees and deposits were discussed with the Board on August 27, 2020, along with comparisons to other agencies and cost examples from recent DE projects. Subsequently, staff created a new Code section for DE application and administration fees, as well as a new deposit mechanism and definition of typical DE charges.

Mr. Smith facilitated a discussion reviewing each of the edits in greater detail. Final versions of the DE Application, Agreement, and Code Amendments will be brought to the Board for approval at a future meeting.

7.) MAINTENANCE & OPERATIONS:

a.) 2020 Year in Review

Mr. Berger provided a PowerPoint Presentation sharing with the Board of Commissioners a review of 2020 District maintenance and operations.

8.) Interagency Reports

a.) Clearview Water Supply Agency Meeting

Mr. Brees provided a summary to the Board of Commissioners of a Staff report regarding the Clearview Water Supply Agency meeting.

General Manager Curt Brees and Commissioner John Warner attended the Clearview Water Supply Agency (CWSA) Meeting held on January 20, 2021. The meeting was held in a video/teleconference format. The meeting agenda included a review of Maintenance and Operations Reports, approval of Vouchers, and review of the Financial Reports.

There were no after-hours callouts during the month of December. Minor maintenance items have been completed at the pump station including, grounds maintenance, inspections, and generator maintenance.

There were no major items to report with respect to finances for the month of December. Monetary Assets for CWSA, as of December 31, 2020, totaled \$622,835.46. The vouchers approved at the meeting totaled \$380,779.46. The District's utilization was 31% of the total volume delivered by CWSA during December.

In other business, it was announced that Dave Barnes, the Maintenance and Operations Director for AWWD, has accepted a new position with Olympic View Water and Sewer District as General Manager. Mr. Barnes was congratulated and recognized for his service.

The next meeting of the CWSA is scheduled for Wednesday, February 17, 2021. The meeting will be held at 3:00 p.m. The meeting will be held virtually utilizing Teams.

b.) City of Mill Creek

Mr. Brees presented a verbal summary to the Board of Commissioners of a Staff report regarding the City of Mill Creek – Draft Right of First Offer Agreement for 2210 132nd Street SE.

On more than one occasion, the District engaged in discussions with the City of Mill Creek regarding a potential sale of the District's former headquarters facility located at 2210 132nd Street SE. The most recent effort was initiated in 2019 but was put on hold by both agencies in response to the COVID-19 emergency. At the end of 2019, the District and City jointly commissioned an appraisal for the property that established a value of \$1,120,000.

The District's operational changes in response to COVID-19 has shown the value in having a second facility available to operate out of. Since March, approximately one third of the District's field crew have operated out of this facility. Additionally, the District completed the Risk and Resiliency Assessment (RRA) in 2020, where several hazards were identified that could impact the District's ability to operate solely out of the headquarters and where a secondary facility would be essential. Sample hazards include fire, earthquake, and pandemic, where we now recognize there is a need for socially distant workspaces.

As this relocation, due to COVID-19, has been extended, the District has improved the maintenance building located on this property. Improvements have included, removal of carpets and vinyl floors, refinishing of concrete floors, repainting, replacement of ceiling tiles, re-lamping of light fixtures, HVAC System replacement, and repairs to the building roof and gutters are currently pending.

Based on the District's experience this year and from the preparation of the RRA, it is unlikely that the District will surplus the property in its entirety. However, there is a portion of the property that the District is likely to not need in the future. This portion, approximately 1 acre of the 1.67-acre site, consists of the old Administration Building, front parking lot, and frontage to 132nd Street. District staff have conveyed to City staff that the District's utilization of the site has changed and that only a portion of the site may become surplus, specifically that the District would retain the maintenance building.

In discussions with the City regarding use of the right-of-way and permitting associated with the Thomas Lake Lift Station Project, a desire to take some action towards the purchase of the property has been expressed. The City has proposed and presented to the District a draft Right of First Offer Agreement for the property. This agreement would establish that in the event the District decides to sell the property, the District would be required to first offer it to the City and the District would retain the rights to set the terms of the sale. The City would provide \$1,000 in exchange for this right.

While the sale of the property is no longer a high priority to the District and while the exact portion of the site that would be surplus has not been established, the sale of the surplus portion to the City would be beneficial to the District. First, it is easier to sell surplus property to another Municipal Agency; and second, it would be easier to coordinate mutual access provisions across the properties with the City, that would have a similar use

compared to another party where this might not be feasible and where security would be a higher concern.

In the initial review of the draft agreement, a few provisions of the draft agreement will need to be amended. First, a sunset to the agreement will be established; and second, the District will clearly express that it is likely that only a portion of the property will be surplus.

The Board of Commissioners directed the General Manager to coordinate the desired changes to the draft agreement and complete a legal review of the agreement.

9.) **STAFF REPORTS:**

a.) **District Engineer:**

No further report.

b.) **Finance Manager:**

Mr. Nelson reported that the Finance Division is preparing and sending out year-end tax statements to both employees and vendors.

Mr. Nelson next provided the Commissioners with a live demonstration of the new payment portal that is in development. This portal provides many enhancements from the current offering provided by the District. Mr. Nelson demonstrated features and how customers will navigate the portal. It is anticipated that the portal will launch at the end of February.

Mr. Nelson reviewed customer correspondence with the Board regarding payment to a third-party payment processor. The customer was insistent that she had paid her bill on the District's portal. Mr. Nelson coordinated with Doxo, Inc. (third-party processor) to refund the payment to the customer. Doxo, Inc. was sending payments made on behalf of customers to an out-of-date address of the District.

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

No further report.

d.) **Technical Services Manager:**

Mr. Busch reported that he and his team had a kickoff meeting with the vendor that will be providing the software to manage the Cross-Connection Program for the District. The software is provided by the same vendor as the District's current platform. The hope is to have the new software in place by late spring. The new software will reduce data entry by District staff.

e.) **Attorney:**

Mr. Linton reported that the District is not a party to any litigation.

f.) **General Manager:**

Mr. Brees inquired about the Commissioner Workshop (Training) hosted by WASWD and attended by the Commissioners.

Mr. Brees reported that the Department of Ecology has issued the draft Nutrient Rule this week. It is a complex document and Mr. Brees anticipates that the District will want to provide comment on the rule. Jeff Clarke, Commissioner for Mukilteo Water and Wastewater District, is scheduled to provide an update at the next Section 3 Meeting on this topic.

Mr. Brees reported that two jobs that are open at the District have gone to ad with the first review of applications scheduled for February 5, 2021.

Mr. Brees reminded the Commissioners that a Financial Affairs Statement (F-1) is due to the Public Disclosure Commission (PDC). The PDC requires these to be submitted online directly by the elected official.

This ends the Minutes of the January 28, 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 January 28, 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 February 11, 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 11th day of February 2021.

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



Shauna Willner, Secretary