

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

October 24, 2019

The regular meeting of the Board of Commissioners of the Silver Lake Water and Sewer District was held on October 24, 2019, beginning at 5:30 p.m., at the District Administration Building. Attending were Commissioners Bill Anderson, Rod Keppler, and Anne Backstrom. Also present were O&M Manager Ron Berger, District Engineer Scott Smith, and Finance Manager Brad Nelson; Eric Delfel with Gray & Osborne, Inc., Consulting Engineer for the District; and John Milne with Inslee, Best, Doezie, Ryder, P.S., Attorney for the District. One member of the public was present.

**1.) CALL TO ORDER:**

Commissioner Keppler called the meeting to order at 5:30 p.m.

**2.) APPROVAL OF MINUTES:**

The Minutes of the regular meeting of October 10, 2019 were unanimously approved as circulated.

**3.) PUBLIC COMMENT:**

There were no comments from the public in attendance.

**4.) FINANCIAL MATTERS:**

**a.) Vouchers and Check(s) Approval**

Following discussion of various matters, vouchers and revolving fund checks were unanimously approved and signed as follows:

<b>Fund</b>	<b>Code</b>	<b>Number</b>	<b>Amount</b>
Water Maintenance	743 5408666	.10-052 -.10-088	\$258,064.03
Sewer Maintenance	743 5418666	.10-011 -.10-019	745,615.52
Sewer Capital Improve.	743 5448666	.10-004 -.10-006	57,762.20
Water Capital Improve.	743 5468666	.10-004 -.10-006	50,213.28
Revolving Check Fund		6779 - 6820	19,995.42
<b>Total Warrants</b>			<b>\$1,131,650.45</b>

**b.) Staff Report – Financial Reports – September 30, 2019 (Pre-closing)**

Mr. Nelson presented the Financial Reports – September 30, 2019 (Pre-closing).

The District’s Third Quarter Pre-closing Revenues from all sources are \$18,790,364. This was an increase of \$578,570 compared to the Third Quarter of 2018. Charges for Service Revenues increased by \$424,989. New Connection Revenues decreased by \$49,112.

The District received \$97,486 more in Water Service Revenues, with customer water consumption (measured in units) down 1.9% from 2018.

The District's total expenses posted through September 30, 2019 were \$14,026,786. The largest operating costs continue to be purchased water and sewer treatment services which totaled \$6,393,671. Overall, District expenses were \$31,740 less than the Third Quarter of 2018. However, it should be noted that the City of Everett was delayed in processing their September 2019 Sewer Treatment bill in the amount of \$573,841.70. This bill will be reflected in the Fourth Quarter Report.

Currently, the District's Net Income through September 30, 2019, is \$4,763,579, which is an increase of \$610,311 compared to 2018. When adjusted for the delayed City of Everett Sewer Treatment Invoice in the amount of \$573,841.70, the District's Net Income would be an increase of \$36,469 compared to 2018. The major reason for the increase in Net Income is that revenues continue to be through the Third Quarter.

The District's cash and investments totaled \$45,619,244, which was an increase of \$1,430,459 compared to September 30, 2018. Currently, the District has ten property liens filed with a delinquent balance of \$27,338.14, with another seven accounts totaling \$2,326.55, which have been recently shut off and will have a Notice of Lien Letter mailed.

Due to the age and substantial balance of the delinquent accounts, Mr. Milne recommended the District file actions to foreclose its lien against the properties with a delinquent balance. If the District files foreclosure actions, the applicable statute authorizes the District to recover the delinquent amounts, all fees, penalties and interest, and the District's attorneys' fees. Following discussion, the Board authorized staff to work with the attorney to file the foreclosure actions if necessary.

Included with the Financial Statements were the Capital Project Summary Reports for the District's various major Capital projects:

- **Headquarters Remodel Project** - This project is complete. Petra is due a retainage payment of \$179,087.13 upon receipt of the State releases. The project's total expenses, including the retainage payment is \$4,925,597.70. Page & Beard's total approved contract, including change orders, was \$417,982.50. The total authorized payments to Page & Beard are \$435,875.83. There is discrepancy between the approved changes in the scope of work from what was presented by Page & Beard that dates back to 2017, related to permitting and preparing project plans for bid. A listing of the project's costs and the respective change orders for Gray & Osborne, Petra Construction, and Page & Beard were provided with this report.
- **Reservoir No. 3 Improvement Project** - The project portion is complete. The original estimated costs for the project, net of the City of Everett's share, are \$3,188,587.00. As of September 30, 2019, a total of \$3,934,633.29 was spent; of which, \$366,765.30 has been received from the City of Everett and an expected \$78,234.23 will be billed once the project is closed. The District was also notified that Razz Construction is under review by the Washington State Department of Revenue; as such, final retainage and final project closing will be delayed.

- **131<sup>st</sup> Street Water Main** – The Board approved this project for \$425,334 and the project start date is set for October 14, 2019.
- **Windsong Lift Station** - The Board approved this project for \$613,648 and design is ongoing.
- **Waldenwood Lift Station** - The Board accepted the bid from McClure and Sons for \$4,160,436.26 with a total project budget of \$5,048,365.
- **Seattle Hill Road Phase II** - This project was reported as complete as of December 31, 2018, with a Final Accounting Report to the Board of Commissioners with the March 31, 2019 Financial Report. However, work continues on the As-Built drawings from Gray & Osborne. The District expects another \$2,000 in costs related to As-Built drawings

c.) **Staff Report – 2020 Fiscal Plan**

Mr. Nelson presented the 2020 Equipment Replacement and Operating Capital Purchase Assumptions and 2020 IT Equipment Replacement Assumptions.

In 2007, the District’s Commissioners approved Resolution No. 623, which adopted an Equipment Replacement Schedule for the District. This schedule authorized an Equipment Replacement Schedule of \$1,878,150 over the next twenty years. Since its approval, the District has purchased replacement vehicles and developed new assumptions for the District’s vehicles and equipment and to adjust for inflation.

Staff reviews the assumptions annually and prepares a report to the Board of Commissioners for review as part of the financial planning process. Starting in 2018, for 2019, staff began including technology replacements into the financial planning process. However, unlike vehicles and field equipment, technology products have a much shorter life and include licensing and/or maintenance agreements as part of their ongoing costs.

For this report, the term “*new*” means vehicles and equipment that have not previously been approved by the Board of Commissioners and will be added to the Equipment Replacement Schedule. The term “*replacement*” means vehicles and equipment that have been previously approved by the Board and are being replaced by purchasing new vehicles or equipment.

For 2020, staff’s recommendations would result in a net change in future replacement costs from \$3,278,500 to \$3,322,500, or \$39,000 over the next twenty years. A table was discussed that outlined the District’s historic and current replacement costs by year and staff’s recommended changes for 2020.

The largest financial change to the equipment replacement assumptions is \$39,000 in new equipment purchase requests. Staff recommended the purchase of a truck-mounted arrow board sign with message board. The arrow board sign would improve the District’s traffic control signage and improve worker safety. Staff also recommended the purchase of two

Hook Truck Body attachments, one for concrete and one for asphalt storage. Staff also recommended changing two assumption. One recommended change is to retain Truck #43 (2008 F-250) one year longer (2021), and the other is to sell Truck #58 (2014 F-150 SCSB 4x4) three years earlier (2021). The reason for selling Truck #58 (2014 F-150 SCSB 4x4) is that it is the Runner's truck and it gets more mileage and harder use than other District trucks. Staff also provided as an attachment, the detailed 2020 Equipment Replacement Schedule.

For 2020, staff recommended the replacement of Truck #35 (2007 F-250 SC 4x4), Truck #37 (2007 Volvo Vactor Truck - Sewer), and Truck #48 (2007 Sprinter Van). Both the F-250 and the Vactor truck would be replaced with like units. However, the Dodge Sprinter Van is not being made any longer and staff recommended replacing it with a slightly smaller unit, more like the Electrician's Truck. Mr. Berger commented that the Sprinter Van has had high operating costs, with diesel engine issues such as turbo charger and fuel injector problems. The replacement vehicle for the Sprinter will be a Ford with a gas powered V-6 engine. A Table was provided that outlined the 2020 Vehicle and Equipment Replacement and new purchases recommended by staff.

Staff also recommended that the Board of Commissioners authorize staff to order the scheduled 2020 replacement for Truck #37 (2007 Volvo Vactor Truck - Sewer) in 2019, given the order turnaround time has increased to twelve months.

Staff provided a 2020 IT Equipment Replacement list for both equipment and licensing agreements. For 2020, staff recommended the replacement of \$68,500 and purchasing \$18,000 of new technology equipment. With respect to the AV Conference Room Equipment replacement, staff recommended doing an assessment of the equipment in 2020 with a recommendation for replacement in 2021. The AV Conference Room Equipment was purchased as part of the original Headquarter project in 2007. Since 2007, some components have failed, such as the video converter, and others have become obsolete. In addition to Commissioner Meetings, the meeting room is used for training, staff meetings, vendor meetings, plan reviews, and Pre-conference meetings with Developers, all of which often require the video and audio equipment. For 2020, staff is recommended purchasing a Prominent Analyzer for Master Meter No. 1.

Following discussion, the Board of Commissioners determined to take action on these staff recommendations at a future Board meeting.

**5.) CAPITAL IMPROVEMENT PROJECT(S):**

**a.) Update on 131<sup>st</sup> Street Water Main**

Mr. Smith provided an update to the Board of Commissioners regarding the 131<sup>st</sup> Street Water Main project. Mr. Smith shared photos taken of the construction project including mainline and service pipeline installation.

**b.) Update on Waldenwood Lift Station**

Mr. Smith provided an update to the Board of Commissioners regarding the Waldenwood Lift Station. He also shared photos taken of the Waldenwood site under construction.

**6.) DEVELOPMENT PROJECTS:**

**a.) Staff Report - Developer Extension Agreement-Crestview II**

Mr. Smith presented a Staff report, Vicinity Map, and Vicinity Map regarding a Developer Extension Agreement for Crestview II.

The proposed project is a 25 lot single family residential development located at 2316/2318 132<sup>nd</sup> Street SE (adjacent to Reservoir No. 4). This project will complete the second half of the loop road adjacent to the old District Headquarters property. It should be noted that the Fire Marshal is requiring that all homes in this phase of the development be sprinklered due to the number of total lots with a single roadway access point.

There is an existing water and sewer main on the west side of the development site that will be removed, and new water and sewer mains will be installed in the public roadway. In addition, the new water main will be extended to the south behind Lot 12 and looped to an existing dead-end main in Wexford Court. Mr. Smith used the GIS System to show the location of the property and the utility lines associated with the project.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved and executed the Developer Extension Agreement for Crestview II. The Developer is Crestview II, LLC/Taylor Development.

**b.) Staff Report - Certification of Unsewered Enclave**

Mr. Smith presented a Staff report, Site Plan, and Vicinity Map regarding the request for a Certification of Unsewered Enclave.

The District received a request from a property owner to permit the development of a parcel located within the District utilizing an onsite septic system. The parcel (TPN 00574000007100) is located within the Urban Growth Area, where Snohomish County will typically require connection to public sewers, unless a specific authorized exception exists.

This particular parcel is located in Silver Acres at 12122 9<sup>th</sup> Drive SE, and is proposed to be developed as a duplex. There is an existing sewer manhole located within 500 feet of the property, but it is set at a higher elevation and would require third party property easements. The nearest gravity service point is located approximately 2,500 feet away to the southwest. Mr. Smith used the GIS system to show the location of the property and the location of the sewer lines in the vicinity.

Snohomish County will permit the issuance of a building permit for the proposed development, if the District certifies that the parcel is located within an Unsewered Urban Enclave. An Unsewered Urban Enclave is defined as a location where sewer service is not currently available, where it is not technically or economically feasible to provide sewers, and additionally, sewers are not forecasted to be available within the next six years.

District staff recommendation was to provide the certification, as this specific parcel does in fact meet all of the criteria. Gravity sewer service is not currently available. It is not

economically feasible to provide sewer service for the proposed development, and sewer service is not planned at this location within the next six years.

As a condition of granting the designation and as required by Snohomish County Code, the property owner will be required to enter into a recorded agreement with the District, where the property owner agrees to connect to sewers when they become available, pays the applicable connection fees at time of connection, and participates without protest in any future ULID or Latecomers agreement.

Following discussion, by motion made, seconded, and passed unanimously, the Board of Commissioners authorized the General Manager to prepare a letter certifying that the parcel (TPN 00574000007100) is located within an Unsewered Urban Enclave, and to execute an agreement with the property owner for future connection to the sewer system.

**c.) Staff Report - Latecomer Process**

Mr. Smith presented a Staff report regarding the Latecomer Process. He also provided a PowerPoint Presentation with staff recommendations on each major policy topic.

It has been several years since the last reimbursement/latecomer's agreement was processed by the District, and most past agreements have been for regional lift station projects. However, there are four smaller latecomer applications forthcoming, which are all for shorter offsite gravity sewer mains.

Latecomer agreements are addressed in RCW 57.22 and District Code Section 6.15.030, but most process steps are at the discretion of the District. The old agreement form needs to be updated to reflect current state law, but there are also several internal process items that need to be clarified and revised as well.

Before staff and the District attorney begin rewriting the Latecomer Agreement Form and Code section, input and direction from the Board is needed on the following issues:

- Application Timeline
- Application Fee vs. Deposit
- Public Notice Process
- Agreement Term Length
- Biennial Notice Requirements

Mr. Smith facilitated a discussion with the Board and staff on these topics and received policy direction on the following items: (1) implement a 60 – 90 day time limit for a developer to submit a latecomer application after final acceptance, (2) change to a deposit system as recommended and track actual staff time spent processing latecomer documents, (3) implement a public notice/outreach process as recommended, (4) stay with the current 10-year time period for reimbursement, and (5) implement the staff recommendation for two year notice requirement.

A revised Latecomer Agreement form and updated Code sections will be brought back to the Board for review and approval.

**7.) MAINTENANCE & OPERATIONS:**

**a.) Update - Reservoir Security**

Mr. Berger presented an article in Water Tap (Fall 2019) regarding the recent breach at the North Zone Water Reservoir in Snohomish. Also shared were photos of Reservoir No. 4 security measures such as, security doors on the tank stairway, complete with deadbolt locks and intrusion alarm. Razor wire is placed around the door frame to deter persons that may try to climbing over it. Also shown, were the roof hatches with heavy duty locks and the intrusion alarm feature. It was noted that the intrusion alarms are tied in to the Burglar Alarm System and they will call District staff and the police when necessary.

**8.) INTER-AGENCY REPORTS**

**a.) Staff Report – CWSA Meeting**

Mr. Berger reported on the Clearview Water Supply Agency Meeting held on October 16, 2019.

General Manager Curt Brees and Commissioner Bill Anderson attended the Clearview Water Supply Agency (CWSA) Meeting held on October 16, 2019, at the Alderwood Water & Wastewater District. The meeting agenda included a review of Maintenance and Operations Reports and Financial Reports.

Alderwoods's M&O Director, Mr. Dave Barnes, provided a summary of operational issues. He noted that the station had run on emergency power one time during the past month, due to a harmonic imbalance in the two VFD's that were in operation at the time. This is a recurrent issue at the station that is commonly attributed to the power supplied to the station by the PUD. Mr. Barnes also reported on maintenance activities at the station, and that the generator had been refueled in preparation for winter weather.

There were no major items to report with respect to finances. The budget for 2020 will be reviewed at the November meeting. Monetary Assets for CWSA, as of August 31, 2019, totaled \$1,211,916.77. The Vouchers approved at the meeting totaled \$412,344.08.

The next meeting of the CWSA is scheduled for Wednesday, November 20, 2019, at 3:00 p.m., at the Alderwood Water & Wastewater District.

**b.) Staff Report – EWUC and Wholesale Sewer Meeting**

Mr. Berger presented Everett's Water Situation Sheet and Map of Everett's Water Filtration Plant Site, regarding the EWUC and Wholesale Sewer Meeting.

General Manager Brees attended the Everett Water User Committee (EWUC) Meeting held on October 17, 2019 at the City of Everett. The meeting topics included updates from the Department of Health, operational updates from City of Everett staff, an overview of the water supply situation, and updates on Everett CIP projects.

City of Everett staff reported on the development of the City's Water System Plan. City staff is currently developing the Conservation Program and System Demand Forecasts and they are seeking assistance from EWUC members to participate in these areas. Mr. Brees has participated in advance of the meeting, on behalf of the District.

Mr. Souheil Nasr provided a report on the water supply. It was reported that levels are beginning to rebound in the reservoirs as water demand cooled later in the summer and the wet fall weather has returned. While to-date in 2019 rainfall is only 71% of normal in the watershed, the water supply is projected to be adequate for 2019.

Ms. Erica Lindsey with Department of Health (DOH) discussed the recent news reports related to the intrusion at a water reservoir belonging to the City of Snohomish. Local teens broke into the reservoir in August and swam within it. Police notified the Public Works Department staff after becoming aware of YouTube videos that the teens posted. DOH staff commended the City of Snohomish on their response but stressed the importance of intrusion alarms that were not in place. Ms. Lindsey also reported that the EPA has published a draft rule updating the Lead-Copper Rule.

Mr. Nasr provided updates on several projects including replacement of the East Clearwell roof and the Emergency Generator replacement project. The Emergency Generator Project is at a 60% level and the Clearwell roof is scheduled to be rebuilt in 2020. A map of the Water Filtration Plant was provided for reference to the ongoing projects.

There was no meeting of the wholesale sewer customers at the conclusion of the meeting.

## **8.) STAFF REPORTS**

### **a.) District Engineer:**

No further report.

### **b.) Finance Manager:**

Mr. Nelson commented on the shutoff day process and how well the GIS System is working.

### **c.) Attorney**

Mr. Milne provided an update on the status of litigation involving city excise tax authority.

### **d.) O&M Manager:**

Mr. Berger reported that a local contractor (Magnum Power, LLC) working in the District's service area for the PUD will be renting a space at the Reservoir No. 4 site within the secured area. Mr. Brees and Mr. Milne drafted a short term License and Access Agreement for this usage starting now and lasting through December, 2019. Magnum Power, LLC will pay \$1,000.00 per month rent and the first payment has been made.

**This ends the Minutes of the October 24, 2019 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 October 24, 2019 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 November 14, 2019, 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 14<sup>th</sup> day of November, 2019.

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

  
Bill Anderson, Secretary