

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

February 28, 2019

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on February 28, 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 General Manager Curt Brees, District Engineer Rick Gilmore, and Finance Manager Brad Nelson; Eric Delfel with Gray & Osborne, Inc., and John Milne with Inslee, Best, Doezie, & Ryder, P.S., Attorney for the District.

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 February 14, 2019 were unanimously approved as circulated.

3.) PUBLIC COMMENT:

There were no members of the public present for comment at the meeting.

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:

Fund	Code	Number	Amount
Water Maintenance	743 5408666	.02-054-.02-072	\$66,169.99
Sewer Maintenance	743 5418666	.02-012-.02-021	693,943.14
Sewer Capital Improve.	743 5448666	.02-003-.02-006	788,986.28
Water Capital Improve.	743 5468666	.02-004-.02-006	74,909.52
Revolving Check Fund		6365 - 6397	55,106.04
Total Warrants			\$1,679,114.97

b.) Staff Report - Rate Study RFQ Recommendation

Mr. Nelson provided a staff report regarding the 2019 Water and Sewer Utility Rate and GFC Study Consultant selection process.

The District has historically adopted Water and Sewer Comprehensive Plans once every six years. Due to recent changes in State law, Comprehensive Plans are now valid for up to ten years. The most current Water Comprehensive Plan was adopted in 2018. The Wastewater Comprehensive Plan is set to be adopted later in this meeting. In addition to the planning and operational aspects of the Water and Sewer Comprehensive Plans, the plans provide the authority for the District to spend funds, and the capital projects included

in the plans are one of the foundations of the District's General Facility Charge for new water and sewer connections.

Historically, once the Board adopts both plans, the District conducts a Utility Rate Study to address the District's monthly water and sewer service charges and the General Facility Fees for new water and sewer connections. The District's last study was conducted in 2010 by FCS Group. District staff had hoped to have the study completed by May of 2019 so that the results could be included in the 2019 rate adjustment in May 2019; however, staff will not be able to meet this timeline given the Wastewater Plan's pending adoption.

The District sent a Request for Proposals (RFP) to ten consultants listed on the MRSC consultant roster. Proposals were received from FCS Group, Katy Isaksen & Associates, and CDM Smith. A copy of the 2019 Water and Sewer Rate/GFC Study's major components and emerging customer class issues was also provided to the commissioners. Staff met with each consultant to review their proposal, knowledge of the issues outlined by the District, timelines, and estimated costs. All of the consultants communicated they could not meet the May 2019 timelines, but believed they could complete the study by September of 2019. All of the consultants had a very strong background with utility rate studies, with FCS Group and Katy Isaksen & Associates having deeper experience in Washington State. Initial cost proposals ranged from \$96,000 to \$26,000, depending on the level of research and issues to be addressed.

Based on their qualifications, District staff recommended Katy Isaksen & Associates to perform the 2019 Water and Sewer Utility Rate/GFC Study. While all of the consultants could perform the work, Ms. Isakson's proposal timelines and costs best reflect the work requirements of the District.

Following discussion, the Board of Commissioners approved the contract award as recommended, and directed the General Manager to negotiate and then execute a contract and Scope of Work for the District's 2019 Water and Sewer Utility Rate and GFC Study with Katy Isaksen & Associates.

5.) CAPITAL IMPROVEMENT PROJECT(S):

a.) Staff Report – Reservoir No. 3 Improvement Project Update

Mr. Gilmore provided a verbal summary to the Board of Commissioners of a Staff report regarding the Reservoir No. 3 Improvement Project.

The booster station generator has been wired to the station and start-up testing of the station generator was completed on February 22, 2019.

The remaining work includes station and site clean-up, landscape plantings, and asphalt paving that will be completed as soon as the weather cooperates.

b.) Staff Reports – Developer Extension Agreement

Mr. Gilmore provided a verbal summary to the Board of Commissioners regarding a Developer Extension Agreement with attached Vicinity Map and preliminary site plan, for “The Farm at Mill Creek”.

This project is located from the intersection of 132nd Street SE and 39th Avenue SE adjacent to 132nd Street and continuing east to the adjacent Vintage at Mill Creek development.

The project will extend water and sewer facilities located adjacent to the property to the proposed multifamily and commercial development identified to include nine buildings and provide a total of 354 apartment units and a little over 83,000 square feet of commercial space. Twenty-five of the apartment units have a special designation by the City of Mill Creek as live/work units that will allow a home business included in each unit. These units will all be on the first floor of the same building and will have a total floor space of 500 square feet per live/work unit.

This complex is being proposed by the same Developer of the Vintage at Mill Creek Senior Living Facility, adjacent to the east side of the proposed project.

Following discussion, the Board of Commissioners approved and executed the Developer Extension Agreement for The Farm at Mill Creek.

6.) MAINTENANCE AND OPERATION REPORT(S):

a.) Staff Report – Adopt 2018 Final Wastewater Comprehensive Plan

Mr. Brees provided a verbal summary to the Board of Commissioners of a Staff report, List of Plan Revisions, and Draft Resolution No. 771 regarding the proposed adoption of the 2018 Wastewater Comprehensive Plan.

At the March 22, 2018 Board of Commissioners’ Meeting, the District’s Engineering Consultant, Eric Delfel, presented a summary of the 2018 Wastewater Comprehensive Plan as prepared by Gray & Osborne, Inc., with input from District staff. Following the presentation, a Public Hearing was held to accept public comments related to the plan. No members of the public were present to provide comment.

On April 9, 2018, the General Manager (District’s SEPA Official) issued a Determination of Non-Significance for the Plan, and Public Notice of the Determination was published in the Everett Herald. No Comments were received.

On April 12, 2018, the Board of Commissioners adopted the 2018 Wastewater Comprehensive Plan. Pursuant to RCW 57.16.010 (7) the Plan was submitted to all required jurisdictions and agencies for review and comment, including the Department of Ecology and the Snohomish Health District for regulatory approval. Copies of the Plan were also submitted to Snohomish County and the City of Mill Creek for approval of concurrency with land use planning. Adjacent sewer service providers (City of Everett, Alderwood Water & Wastewater District, Cross Valley Water District), all of which have

sewer service agreements with the District, were also provided an opportunity to review the Plan and provide comment.

By the end of 2018, all of the approvals of the Plan, excluding the Snohomish County Council, had been obtained. On February 13, 2019, the Snohomish County Council, via Motion No. 19-051, approved the Plan. This was the final regulatory approval required from an outside agency.

Staff requested the Board of Commissioners review the List of Plan Revisions to the Wastewater Comprehensive Plan, dated February 25, 2019, prepared by Mr. Eric Delfel, P.E., of Gray & Osborne, Inc. and to also review draft Resolution No. 771, and if in agreement, adopt Resolution No. 771 in accordance with RCW 57.16.10 (7).

Following discussion, by motion made, seconded, and passed unanimously, the Board of Commissioners approved and executed Resolution No. 771, adopting and approving the 2018 Wastewater Comprehensive Plan with final revisions as approved by all required jurisdictions and agencies, in accordance with RCW 57.16.010 (7).

7.) INTER-AGENCY REPORTS

a.) Clearview Water Supply Agency

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

General Manager Brees attended the Clearview Water Supply Agency Meeting held on February 20, 2019, at the Alderwood Water & Wastewater District. The primary topics discussed at the meeting included review of maintenance and operations reports, financial reports, and a discussion regarding whether the agency should consider obtaining dedicated earthquake insurance.

Cary Ecker, Executive Director of the Water & Sewer Risk Management Pool (WSRMP), was in attendance at the meeting. Mr. Ecker discussed how the current shared earthquake insurance that is part of the WSRMP coverage would be allocated within in the Pool in various scenarios, including a higher level coverage if CWSA were to carry its own dedicated coverage. Additionally, Mr. Ecker identified that the best time to procure additional coverage would be when the Pool renews coverage by considering competing proposals rather than adding the coverage to an existing policy. The WSRMP would need a decision by CWSA in April, to obtain coverage as part of the renewal process.

Monetary assets for CWSA, as of December 31, 2018, totaled \$815,274.95. The Vouchers approved at the meeting totaled \$357,974.39.

With respect to operations, Mr. Dave Barnes reported that the rehabilitation of Pump No. 3 is underway and will be reinstalled soon. Since the station was built, this is the first repair of a large fixed speed motor that typically only runs when system demand is high. Mr. Barnes reported that the station was shut down on both January 9 and 22, 2019, corresponding with shutdowns at the Everett Water Treatment Plant. Mr. Barnes also

reported on a SCADA communications upgrade that will share pump station and reservoir telemetry information to all three Districts via a VPN connection that is now complete.

At the end of the meeting, Alderwood staff led a tour of one of the 28 MG Reservoirs that is located on-site. The reservoir is currently drained for inspection and cleaning.

b.) EWUC Report

Mr. Brees provided a verbal summary to the Board of Commissioners of a Staff report regarding the Everett Water User Committee Meeting.

General Manager Brees and District Engineer Gilmore attended the Everett Water User Committee (EWUC) Meeting held on February 21, 2018. The City's new Public Works Director, Ryan Sass, was in attendance at the meeting. The meeting topics discussed included a report by the Department of Health, overview of the water supply situation, updates on CIP projects, a report on watershed management, a report on the Resiliency Project, an update on maintenance projects affecting the transmission lines, and a report by City staff on the roof collapse that occurred at the Water Filtration Plant.

Erika Lindsey, with the Department of Health, provided a report to the group regarding vandalism and tampering that occurred in North Bend at the Sallal Water Association. This water service provider serves a population of approximately 5,000 and extensive tampering and vandalism was discovered at a reservoir that serves a portion of the system. Positive fecal coliform samples were collected from the system immediately following the discovery, and "Do Not Consume Orders" were issued to customers. The incident was attributable to minors trespassing and vandalizing the reservoir that resulted in unsanitary conditions rather than an attempt at poisoning or terrorism.

With respect to the water supply, it was reported that levels are a bit lower than normal in both reservoirs; however, there is currently considerable snow pack in the watershed and the water supply is projected to be adequate for 2019, once the snow pack begins to melt.

City of Everett staff reported on several projects including the completed project to replace influent valves at the Water Filtration Plant. The status of the Everett project to replace Reservoir No. 2 was reported on. This project is in design and construction is expected in 2020/2021. At the Water Filtration Plant, the project to build a pump station to replace an existing standpipe is underway, as well as a plan to replace existing generators and switch gear.

The City's Watershed Manager provided a brief report to the group on management activities by the program to protect the water quality within the reservoirs prior to treatment. Some of the major program activities are limiting human contact, prohibiting off road vehicles, and protecting the watershed from wildfire. A map detailing the extent of public land ownership was provided.

City of Everett staff provided an update on the Resiliency Project, which is a joint study involving the City of Everett, City of Seattle, City of Tacoma, and the Cascade Water

Alliance. This study is looking at large regional issues related to potential interruption of regional water supplies resulting from various disasters, principally earthquakes or drought. The project is nearing completion and is intended to guide the participants in prioritizing capital projects that increase resiliency to these disasters.

Finally, the City of Everett reported on the collapse of the east clear well roof at the Water Filtration Plant. The clear well holds treated water prior to transmission via the pipelines. The roof was constructed in 2017/2018, via a design build contracting process. On February 12, 2019, under the weight of a moderate snow load, a portion of the new roof collapsed into the clear well. There was no contamination of the water supply as a result and the facility was taken offline shortly after the incident. The City is working with the contractor and their insurance company to determine the cause of the collapse and will seek to see the roof repaired or reconstructed on an accelerated timeline. There are two clear wells at the Water Filtration Plant for redundancy and the plant can operate for an extended period with just one clear well in service.

c.) City of Mill Creek Tour

Mr. Gilmore provided a verbal summary to the Board of Commissioners regarding the City of Mill Creek touring the old office facility that took place on Monday, February 25, 2019. In 2015, the District and the City of Mill Creek were in negotiations to transfer the site to the City for use by the City's Parks and Public Works Operations staff. The negotiations ended back in 2015 when the current City Manager determined to pursue other options; however, following a change in the leadership of the City, there is renewed City interest in the facility. The General Manger is now familiar with the discussions that occurred in 2015 and has reached out to the City's Public Works Director.

d.) Everett Wholesale Sewer Meeting

General Manager Brees and District Engineer Gilmore attended the Everett Wholesale Sewer Meeting held on February 21, 2019. The City's new Public Works Director, Ryan Sass, was in attendance at this meeting as well. City staff provided an update on the Capital Improvement Projects that are currently underway at the Water Pollution Control Facility (Wastewater Plant). Most notable is the project related to a new chlorination building which is now under contract and being constructed. In 2017, Mr. Gilmore was able to extend a PWTF Loan so that the District could pay for its portion of this project with the loan proceeds.

The other primary topic discussed at the meeting was the property that the City intends to purchase (interfund transfer from the General Government Fund to the Utility Fund) for the disposal of biosolids. City of Everett staff acknowledged receipt of email correspondence from the District and from the Mukilteo Water and Wastewater District objecting to the purchase as a capital project under the terms of the districts' respective sewage disposal agreements with the City. The City of Everett presented an alternate proposal that amounts to a payment plan over five years. The General Manger indicated that he would review the proposal, but shared that this alternate proposal did not appear to address the District's concerns. Furthermore, City staff indicated that the interfund

transfer had either already happened, or would happen, without any additional consideration by the City of Everett.

The General Manger communicated that the District is open to continued discussions pertaining to the property purchase; however, he also noted that any cost sharing should be calculated as an operational cost as it is incurred, consistent with the districts' agreements. The General Manager introduced a concept for discussion where the City would proceed with the project at its own risk as it already has done, and when biosolids are disposed of, and if they are disposed on the subject property at a reduced cost to what is otherwise available in the market, the District would pay a surcharge for the incremental cost per unit between disposal at the subject site and the next lowest cost disposal site. This surcharge would be tracked and if the District allocation of property purchase price was ever recovered, the surcharge would end.

No further action on the matter was taken and there was consensus from all in attendance that discussions should continue.

8.) **STAFF REPORTS**

a.) **District Engineer:**

No further report.

b.) **Finance Manager:**

Mr. Nelson reported on four items:

Mr. Nelson reported that, in response to the winter weather, the District deferred a planned shut-off date and provided an additional notification to customers via mail. This resulted in a large reduction in the number of affected accounts. Several customers expressed appreciation for the delay and additional notification.

Mr. Nelson reported he is in communication with City of Everett Finance staff regarding the Sewer Wholesale Rate increase. This notification is expected to come later than normal and Mr. Nelson has a few items that he will be monitoring to ensure they are calculated correctly.

Mr. Nelson reported the District will move to a new user interface between the District and the Department of Retirement Systems.

Mr. Nelson provided an update on the ongoing discussions with Gallagher regarding the administration of HRA VEBA Accounts for the Commissioners that are Medicare eligible.

c.) **Attorney:**

Mr. Milne reported that there is no change in the status of the King County litigation, still awaiting King County to file its appellate brief with the Washington State Supreme Court.

Mr. Milne provide the Board with an Executive Summary of the Federal Way excise tax issue which is now on appeal to the Washington State Supreme Court.

d.) General Manager:

Mr. Brees reported that District staff had interviewed eight highly qualified candidates for the open Utility Maintenance Worker 1 or 2 position. Mr. Brees indicated he will be recommending minor adjustments to the District's Organizational Chart, accounting for an upcoming retirement. One recommendation may include hiring an additional candidate from this pool.

Mr. Brees reported District crews will be working overnight tonight to locate a valve that has likely been paved over along Seattle Hill Road. WSDOT permitting requires that this work be performed overnight. Mr. Brees reported that a change the Board of Commissioners previously approved to the District's pay practices eases the burden on staff in that they are still eligible to earn overtime when completing night work, if they elect to take leave the following day.

This ends the Minutes of the February 28, 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 February 28, 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 March 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 14th day of March, 2019.

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



Bill Anderson, Secretary