

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

April 11, 2019

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on April 11, 2019, beginning at 5:30 p.m., at the District Administration Building. Attending were Commissioners Rod Keppler, Bill Anderson (by phone), and Anne Backstrom. Also present were General Manager Curt Brees, District Engineer Rick Gilmore, O&M Manager Ron Berger and Finance Manager Brad Nelson; Eric Delfel with Gray & Osborne, Inc., and John Milne with Inslee, Best, Doezie, and 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 March 28, 2019 were unanimously approved as circulated.

**3.) PUBLIC COMMENT:**

No public were present for comment.

**4.) FINANCIAL MATTERS:**

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

Following discussion of various matters, payroll, 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	.04-001-.04-056	\$212,040.84
Sewer Maintenance	743 5418666	.04-001-.04-012	552,638.52
Sewer Capital Improve.	743 5448666	.04-001-.04-003	46,024.97
Water Capital Improve.	743 5468666	.04-001-.04-004	5,418.08
Revolving Check Fund		6420 - 6430	13,016.00
<b>Total Warrants</b>			<b>\$829,138.41</b>

**b.) Staff Report – 2019 Proposed Pass-through Rate Adjustment**

Mr. Nelson provided a verbal summary to the Board of Commissioners of a Staff report regarding the 2019 Proposed Pass-through Rate Adjustment.

The District has received the 2019 Water and Sewer Rate Increase information. Staff recommended a water rate increase of \$.15 per water unit; an Everett Basin Sewer Rate increase of \$2.80 per residential equivalent unit (ERU); and an AWWD Sewer Basin Sewer Rate increase of \$1.20 per residential equivalent unit (ERU).

For 2019, the CWSA per unit water rate will increase to \$1.0747 per water unit. However, the CWSA's summer peak demand (peak factor) increased in 2018 compared to the overall Everett system, resulting in a higher than expected rate for 2019. In addition, AWWD and the City of Everett have agreed to include cash funded capital projects into their contractual water rate calculation. These two factors are the main reason the 2019 Water Rate increase being higher than anticipated.

The AWWD Wholesale Water Rate, which is made primarily from the cost of the water purchased from Everett, will increase from \$1.2592 to \$1.40 per unit. This increase includes a small contribution to the AWWD Wholesale Rate Reserve Fund of approximately \$.0202 per water unit.

The City of Everett moved the District from a wholesale rate to a regular commercial customer rate under its declining tier block methodology. The City of Everett's new declining block rate for direct water purchase increased from \$2.456 to \$2.5474 per unit. Overall, the overall "blended" pass-through water rate increase would be rounded up to \$.15 per water unit.

The AWWD Sewer Basin Rate is comprised of the King County Sewer Treatment Rate and 5% of the AWWD Sewer Rate. For 2019, both the AWWD and King County Metro increased their sewer rates. These changes would increase the cost of the AWWD Sewer Basin Rate from \$47.25 to \$48.46, or \$1.21 per ERU. Staff is recommending rounding down the pass-through increase to customers to \$1.20 per ERU. The AWWD Sewer Basin Single Family Sewer Rate would increase from \$56.45 per month to \$57.65.

The City of Everett increased their monthly sewer rate from \$34.39 to \$37.19, or an increase of \$2.80 per ERU per month. Staff is recommending a pass-through rate increase of \$2.80 per sewer ERU. The Everett Sewer Basin Single Family Sewer Rate would increase from \$55.45 per month to \$58.25. District staff is still reviewing the rate information provided by the City of Everett.

Customers in the Everett Sewer Basin would see their monthly water and sewer charges increase approximately \$3.10 to \$5.20 per month, which would be an increase of 4.62% to 5.47%, depending on water consumption. Customers in the AWWD Sewer Basin would see their monthly water and sewer charges increase approximately \$1.50 to \$3.60 per month, which would be an increase of 2.20% to 3.75% depending on water consumption. With respect to our peer agencies, the District would still have the lowest water rates, and both Basins' sewer rate would still be below the median and average sewer rates of our peers.

Staff requested the Board of Commissioners discuss the proposed 2019 Pass-through Rate Increase and provide direction to staff. Based on direction from the Board of Commissioners, staff will be preparing a 2019 Utility Rate Resolution for adoption at the April 25, 2019 meeting.

Following discussion, by motion passed, seconded, and unanimously approved, the Board of Commissioners directed staff to prepare a draft resolution for future consideration that will enact the 2019 Pass-through Rate adjustments as recommended.

**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 recent complaints to the District of solvent odors from VOC caused the District to drain the water currently stored from the tank. Upon entry, there was evidence of delamination where the paint coating from the floor and lowest wall to the first riser welded section overlapped the earlier painting of the tank side walls. The delaminated paint was about a foot wide and extended around about a third of the Reservoir's circumference. This separated coating was removed, as were some sections that had not delaminated but could be scraped from the underlying coat of paint. This damaged band was recoated and will be allowed to cure and off-gas any volatile organic compounds before refilling the tank. The repaired section has been identified and RAZZ Construction has been notified that the repair means and results are acceptable to the District, but that the one-year and two-year inspections will specifically focus on the repaired coating to discern any inconsistency that may have developed.

The Contractor has been provided a punch list of small items to complete and when addressed, staff will present a recommendation to the Board to accept the project.

**b.) Staff Report – Waldenwood Lift Station**

Mr. Gilmore provided a verbal summary to the Board of Commissioners of a Staff report and attached Gray & Osborne, Inc. Proposed Construction Site Plan and Construction Cost Estimate.

The District authorized Gray & Osborne, Inc. to design a replacement station for the Waldenwood Lift Station on October 25, 2018, based upon the recommendations of a pre-design report. The existing station has had multiple issues with vibration, variable frequency drive failures, bearing failures, seal failures, and needs security enhancements.

The proposed new station will be a cast in place concrete and block building, with stair access to the dry well and the three new horizontal configured pumps, a new cast in place wet well, an electrical room, and a generator room. The existing station will be kept in service during construction. The station is being sized with sufficient capacity to accept flows from the Windsong Terrace Lift Station Basin when this station is abandoned in the future, as recommended by the completed pre-design report.

Design of the station is nearly complete, and the required building permit applications have been submitted to Snohomish County. Pending building permit issuance by Snohomish County, staff has developed an expected bid schedule for the Waldenwood Lift Station Improvements as follows:

Advertisement for Bid Date	May 06, 2019
Pre-Bid Conference Site Visit	May 14, 2019
Open Bids	May 21, 2019
Board Acceptance of Bids	May 23, 2019

The total project cost for the identified improvements, including a 10 percent construction cost contingency and Construction Management calculated at 12 percent, is now estimated by Gray & Osborne, Inc. to be \$ 3,087,149, with WSST calculated at 10.3 percent. This revised estimate is about \$280,000.00 less than the project cost estimate presented in November of 2018, as design uncertainties are now clarified and the construction contingency has been reduced.

Staff requested the Board of Commissioners authorize staff to advertise the project for bid solicitation when the project documents are finalized and the building permit is issued by Snohomish County. The project will be advertised in the Everett Herald and will use Gray & Osborne’s electronic bid document distribution system. Staff will update the Board of Commissioners at the first meeting following initiation of the bidding process.

Following discussion, by motion made, seconded, and passed unanimously, the Board of Commissioners authorized staff to advertise the project for bid solicitation in the Everett Herald and in Gray & Osborne’s electronic bid document distribution system when the building permit has been issued by Snohomish County.

**c.) Staff Report – 1<sup>st</sup> Quarter Bills of Sale**

Mr. Gilmore presented a verbal summary to the Board of Commissioners of a Staff report listing the accepted 1<sup>st</sup> Quarter Bills of Sale for Developer Extensions, representing \$79,553.87 of utility infrastructure added to the District by Developer contribution, for their review. Following discussion, the Board of Commissioners acknowledged acceptance of the Bills of Sale for:

<b>Project Name</b>	<b>Water</b>	<b>Sewer</b>
Manchester North Plat	\$52,447.65	\$27,106.22
<b>Total Value</b>	<b>\$52,447.65</b>	<b>\$27,106.22</b>

**6.) MAINTENANCE AND OPERATION REPORT(S):**

**a.) Customer Letter – Appeal to Reduce Charges Related to Developer Extension**

Mr. Brees provided a copy of a letter received by email from Mr. Joe Salameh addressed to the Board of Commissioners on April 3, 2019. In the letter, Mr. Salameh is appealing to reduce consultant-inspection (G&O) fees that he has been invoiced for in according to the terms of his agreement with the District for an extension of the sewer system. Mr. Brees reported that he will contact Mr. Salameh with an invitation to schedule a Hearing with the Board of Commissioners, to be held at the April 25, 2019 meeting.

**b.) Staff Report – SnoPUD Planet Power Grant Application**

Mr. Brees provided a report to the Board of Commissioners on a Staff report regarding a Snohomish PUD Planet Power Grant Application.

Planet Power is a customer funded grant program to provide for local solar projects on building such as schools, libraries, city halls, and other community sites where customers can learn about solar power and see the technology in use. Collections from customers ended in 2018; however, funding is available for one last round of grants in 2019. The preliminary grant application is due on April 12, 2019. Staff has prepared a preliminary application and is recommending submission of the application.

The preliminary solar project proposal would include a roof mounted Solar Photovoltaic System on the south facing roof of the inventory and maintenance building. This location permits an efficient interconnect to the main electrical room. The total roof space available at this location for the solar panels is 80 feet by 30 feet or 2,400 square feet. Using 385-watt solar panels with a total of about 104 solar panels, for a project that has total capacity of 40.0 kW. The metal roof is pitched at about 30 degrees and would allow easy mounting. There is no shading or other obstructions. The estimated output of the proposed installation is 44,800 kWh, per year, which is about 10% of the District’s Electrical Consumption at the Headquarters Facility.

A Preliminary Cost Estimate and Grant Request has been prepared for the project:

<b>Item</b>	<b>Details</b>	<b>Estimated Total Cost</b>	<b>Plant Power Cost</b>	<b>SLWSD District Cost Share</b>
<b>Solar PV</b>	40 kW (dc) Rooftop Solar PV	\$100,000	\$80,000	\$20,000
<b>Project Management</b>	Consultant	\$12,000		\$12,000
<b>System Data Access and Monitoring</b>	5 years	\$1,000		\$1,000
<b>Installed Sign and Interactive Display</b>	Signage and Display	\$2,700		\$2,700
		<b>\$115,700</b>	<b>\$80,000</b>	<b>\$35,700</b>

The District would benefit by reduced expenditures for power and as proposed in the preliminary cost estimate, the District would likely see ROI (return on investment) in approximately seven years. One additional element is that the solar generation would be on the District’s side of the electrical meter and when the facility is on emergency power, the load to the generator would be reduced, extending the duration of the existing fuel supply. The project would be featured in the lobby via signage and an interactive display, and in the District’s newsletter. The project would demonstrate commitment resource conservation by both the PUD and the District.

Staff is requesting the Board of Commissioners approve the submission of the preliminary grant application to the Planet Power Program to install a Demonstration Solar Project on the District’s Headquarter Facility.

Following discussion, by motion made, seconded, and passed unanimously, the Board of Commissioners approved the submission of the preliminary grant application to the Planet Power Program to install a Demonstration Solar project on the District's Headquarters Facility.

## 7.) **INTER-AGENCY REPORTS**

### a.) **Staff Report – AWWD Agreement Update**

General Manager Brees reported that he and Finance Manager Nelson met with Jeff Clarke, Sridhar Krishnan, and Scott Smith of the Alderwood Water & Wastewater District (AWWD) on March 19, 2019, to discuss potential updates to the Agreement between the Districts for sewage disposal and interim water service. The current Agreement between the Districts dates back to 2006 has been twice amended, most recently in April of 2013.

As the Districts share a common border along the District's western and southern boundary, there has long been a need for agreements to address wheeling and treatment of sewage and interim water service for cross border service areas. The first Agreement for Sewage Disposal was in 1978 and was between the AWWD and Fircrest Sewer District, prior to the merger with Silver Lake Water District. In the late 1970's and early 1980's, the City of Mill Creek was under development and it was determined to be more efficient to provide sewer service via extensions of the AWWD Sewer System that is a tributary by gravity service to the King County System, in comparison to pumping to the City of Everett or to construct a local wastewater treatment plant. The agreements have evolved over time to adjust to expansions of District boundaries, provisions for interim water service, and to accommodate development. As the Districts have worked more closely with each other, the fees charged to one another and the terms of service extended, have grown more favorable. The current discussions continue this trend and recognize the interdependence between the Districts to provide the most efficient service to customers.

Mr. Brees provided a summary of the current discussions, key points, and topics to be resolved in the new agreement:

#### **General Facilities Charges (GFC):**

- Currently, all new SLWSD connections that flow to AWWD pay a full connection fee (~\$1,800) to AWWD that is part of the SLWSD Connection Fee in addition to King County Capacity Charges.
- A portion of new AWWD connections pay a connection fee to SLWSD, depending on the location of the connection. Some new connections pay no fee to SLWSD.
- Recognizing that these connections result in a wheeling of sewage in short sections of gravity trunk lines rather than utilization of capacity in the entire system of an agency, a lower "agreement fee" is proposed. The "agreement fee" in discussion is \$750 per ERU, payable by either agency when connecting to the other agency's system. Each agency would collect its own GFC from the customer and then remit the "agreement fee" to the other agency.



**Service Fees:**

- Currently, SLWSD pays the King County Treatment Charge plus 5% of the AWWD rate for monthly service. AWWD is to pay a portion of the O&M cost of the 180<sup>th</sup> Lift Station for some connections and 5% of the SLWSD rate on other connections. The Everett Treatment Charge is due when applicable and no fee is charged under the Agreement on other connections, depending on the location.
- It is proposed that 5% is a good basis to be used more universally.

**Cross Border Service Areas:**

- Update the agreements to reflect existing conditions.
- Develop criteria and terms of service for future cross border service areas. Charges paid to the other District would be at wholesale rates, ensuring service is not provided to customers at a loss.

**Future Capacity Constraints:**

- Current agreements stipulate that when capacity is constrained, the other District will cease adding new connections upon notification and the receiving agency will prioritize up sizing.
- Evaluating options to share the cost of upsizing, based on capacity utilization.
- Evaluating transfer of ownership of some lines to AWWD from SLWSD consistent with the intent of original agreements. AWWD would then be responsible for the cost of upsizing and SLWSD capacity would be assured.

To assist in the evaluation of capacity constraints, flow monitoring equipment and analysis from the recently adopted Sewer Comprehensive Plan will be used to determine available capacity and forecast any future constraint. It is hoped that the draft agreement will be finalized this spring, for future consideration by the Board of Commissioners.

**b.) Staff Report – Snohomish County SWUGA Study Update**

Mr. Brees provided a verbal summary to the Board of Commissioners of a Staff report, Fact Sheet, and Project Schedule, regarding a Snohomish County SW Urban Growth Area Boundary Planning Study.

Technical Services Manager, Chad Phelan attended a workshop held on March 28, 2019 regarding the County’s planning study for a potential UGA expansion that would include areas within and adjacent to the District. General Manager Brees and Mr. Phelan have been actively participating in this study along with representatives from Alderwood Water & Wastewater District and Cross Valley Water District, sharing information on availability of existing and future water and sewer infrastructure. The Districts also provided various planning documents that have been prepared that address future utility service to the study area.

The workshop held was one of the final project milestones leading to the draft and final reports which will advise Snohomish County on potential expansions of the UGA for the 2023 update to the County Comprehensive Plan.

## **8.) STAFF REPORTS**

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

No further report.

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

Mr. Nelson provided an update on the 2018 Financial Statements that are currently being finalized and will be presented to the Board of Commissioners on May 23, 2019. In the statements, Mr. Nelson cautioned that there will be some notable changes with respect to future obligations for pension liability and post-retirement health care. However, neither of these costs will have an unanticipated impact on the District's financial position as pension liability is funded from a combination of employer and employee payroll contributions, and the District has no actual cost associated with post-retirement health care but is required to report due to a one-size fits all GASB standard.

### **c.) Attorney:**

Mr. Milne reported that the litigation with King County, related to rental charge for use of the right-of-way, has been granted direct review by the Washington State Supreme Court. It is anticipated that the review will occur this fall. With respect to the litigation with the City of Federal Way excise tax, an appeal for direct review has been filed with the Court.

### **d.) General Manager:**

Mr. Brees reported that in coordination with the Cross Valley Water District and subsequent review by Mr. Milne, a Service Agreement has been developed to permit a customer to connect a private sewer pumping system to the gravity sewer system. The subject property cannot be reasonably served by another means and the agreement was developed at the request of Cross Valley Water District, which has a policy of permitting such systems.

Mr. Brees informed the Board of a meeting that was held on April 10, 2019 with the regional representatives of the Department of Health (DOH). They had requested to meet with the District regarding water sampling requirements related to the Disinfection Byproducts Rule (DBPR) and the Lead Copper Rule (LCR). Now that the District serves a population of more than 50,000 residents, additional sampling requirements may apply as the District is now classified as a "Large System".

With respect to the DBPR rule, where the District individually complies with the rule, the requirements are clear. Quarterly sampling requirements will now be eight samples rather than four samples. As requested by the Department of Health staff, the District will prepare a letter documenting the selection of four additional sample sites according to the guidance of the rule, and begin collecting eight samples in the next quarter. However, the additional sampling requirements for the LCR as requested by DOH staff may not be applicable as the District has in place an Interlocal Agreement with the City of Everett to comply with the rule as part of the regional program. This regional program has always met the large



system requirements of the LCR. In 2018, in coordination with the City of Everett, the District voluntarily collected additional samples from the District, recognizing that the service area of the District is now one of the large systems within the City of Everett wholesale service area. In coordination with the City of Everett, the District will document the fact that the District is already in compliance with the large system requirements of the LCR and there is no need to change sampling or reporting.

**This ends the Minutes of the April 11, 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 April 11, 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 April 25, 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 25<sup>th</sup> day of April, 2019.

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

  
**Bill Anderson, Secretary**