

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

May 23, 2019

The regular meeting of the Board of Commissioners of the Silver Lake Water and Sewer District was held on May 23, 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 District Engineer Rick Gilmore, O&M Manager Ron Berger, Finance Manager Brad Nelson; Eric Delfel with Gray & Osborne, Inc., Consulting Engineer for the District; and Dave Hoagland with CliftonLarsonAllen. One member of the public was also in attendance at the meeting.

**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 May 9, 2019 were unanimously approved as circulated.

**3.) PUBLIC COMMENT:**

There were no comments from the citizen 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	.05-041 -.05-077	\$105,015.05
Sewer Maintenance	743 5418666	.05-011 -.05-024	1,211,051.52
Sewer Capital Improve.	743 5448666	.05-001 -.05-001	12,387.79
Water Capital Improve.	743 5468666	.05-003 -.05-004	1,487.11
Revolving Check Fund		6473 - 6497	13,472.27
<b>Total Warrants</b>			<b>\$1,343,413.74</b>

**b.) Staff Report – 2018 Financial Statements**

Mr. Nelson provided a summary to the Board of Commissioners of a Staff report regarding 2018 Financial Statements.

The statements are required to be submitted to the State Auditor’s Office by May 30, 2019. The State Auditor’s Field Audit should begin this fall. The District will return to the regular two-year audit cycle with the next State Auditor’s audit in 2019.

The District’s financial performance weakened for 2018 but still shows a positive Net Contribution to Assets (Net Income) of \$3,998,034. Net Operating Income for 2018 was \$1,485,032, which was an increase of \$381,820 from 2017. Increased water and sewer

treatment costs and recognition of the deferred medical benefit liabilities related to Government Accounting Standards Board (GASB) Statement No. 75 (See Note 9 – Page 36) were the main reason for the decrease in Net Operating Income. The District's total Cash and Investments were \$44,067,042, which included \$1,862,015 in Rate Stabilization Reserves. At this time, staff does not see the need to either transfer amounts to provide for bond coverage or recommend a transfer to increase to the reserves.

Contributed Capital, which is comprised of New Connection Fees and Developer's Bills of Sale, was lower by \$3,656,317 from 2017 with \$2,513,002 being received for 2018. Staff expects this issue to be one of several key financial points that the 2019 Utility Rate Study will outline to the Board of Commissioners later this year.

Mr. Nelson introduced Mr. David Hoagland, with CliftonLarsonAllen, who provided the Board of Commissioners with his report on the 2018 Financial Statements and the impacts of GASB No. 68 and No. 75 related to pensions and other post-retirement benefits. Staff also provided a historical overview of key financial information from 2010 to 2018 and a Table that shows the historic Net Operating Income (Operating Revenues less Operating Expenses) and Net Contribution to Net Assets (Net Operating Income plus Non-Operating Income/Expense and Contributed Capital).

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

##### **a.) Staff Report – Waldenwood Lift Station**

Mr. Gilmore provided a verbal summary to the Board of Commissioners of a Staff report regarding the Waldenwood Lift Station. He reported that the project has been advertised in the Everett Herald, the Seattle Daily Journal of Commerce, and on Gray & Osborne's Electronic Bid Document Distribution System. A Pre-bid Conference was held Wednesday May 22, 2019. The current Plan Holder List has eleven prime Contractors identified.

The project's construction Cost Estimate, used for providing probable bonding requirements for the Contractors who may bid on the project, was given as information for the Board.

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

##### **a.) Update on Reservoir No. 3 Operations**

Mr. Berger provided a verbal report to the Board of Commissioners regarding updates on Reservoir No. 3 Operations. Tnemec, the coating material supplier, sent their senior field representative to inspect the tank. Numerous samples were collected and Tnemec stated they would provide a procedure to follow on filling the tank and testing procedures to confirm the tank can be placed on-line, and if not, the procedure will assist Tnemec in isolating the cause of the VOC evidence the tank has displayed.

## 7.) INTER-AGENCY REPORTS

### a.) Staff Report – CWSA

Mr. Gilmore presented a verbal summary to the Board of Commissioners of a Staff report regarding the Clearview Water Supply Agency meeting that Mr. Brees attended on May 15, 2019. The primary topics discussed at the meeting were a review of Maintenance and Operations Reports, a Financial Report, and the consideration to procure Earthquake Insurance with actions summarized below:

AWWD M&O Director, Dave Barnes, provided a verbal summary of a one-page Monthly Operations Report. He noted that there was not an emergency call-out response required at the CWSA Pump Station during the past month. However, the pump station was shut down on two occasions: The first time was due to scheduled repair work by the City of Everett on Transmission Line 5, and then the second for an unscheduled repair at the Filtration Plant, related to the flocculation and coagulation processes that remove suspended solids from the water. Minor repairs are ongoing for seals on the pumps and control valves identified during inspections.

There were no major items to report with respect to finances. Monetary Assets for CWSA, as of April 30, 2019, totaled \$631,190.73. The Vouchers approved at the meeting totaled \$395,254.66, with 83% of the expense attributable to water purchase and 5% for power.

The CWSA Board again discussed obtaining a quote to provide dedicated, rather than pooled coverage, for Earthquake Insurance. Following discussion, the Board authorized obtaining the coverage, provided that the actual quote during underwriting is similar to the estimated cost of fifteen thousand dollars (\$15,000.00) per year.

The next meeting of the CWSA is scheduled for Wednesday, June 19, 2019, at 6 p.m. This is the Annual CWSA Dinner Meeting. Alderwood Water & Wastewater District is the host for 2019.

### b.) Staff Report – Snohomish County, Temporary Easement Request

Mr. Gilmore provided a verbal summary to the Board of Commissioners of a Staff report regarding a Snohomish County request to the District for a Temporary Easement along the frontage of the District's property that is the site of the 180<sup>th</sup> Street Lift Station and Master Meter #8. The purpose of the request is to conduct archeological test pits and survey associated with a County Road Project that will construct improvements to 43<sup>rd</sup> Avenue SE. This project will create a new North/South arterial route between SR 524 and 180<sup>th</sup> Street SE that will connect to Sunset Road. The General Manager has contacted County staff and shared concerns regarding access, underground utilities, and has noted that most of the site is hardscape constructed over disturbed soils. Snohomish County will compensate the District in the amount of \$500.00 for the Temporary Easement.

Following discussion, the Board declined to grant the Temporary Easement on the District's property due to concerns regarding the uncertainty of the impacts on and to the District's property, and directed the General Manager to inform the County accordingly.

**8.) STAFF REPORTS**

**a.) District Engineer:**

No further report.

**b.) Finance Manager:**

Mr. Nelson presented four items of information for the Board: 1) the HRA VEBA Board's open position has been filled. Mr. Nelson was interviewed as one of three candidates but he was not selected; 2) Mr. Nelson reported that the District's Wednesday shutoff day required District crews to shut off 122 customer meters; 3) he reported attending a presentation by Snohomish County on modifications to the threshold of the County's Low Income Discount Program and Mr. Nelson anticipates the Board will be presented similar modifications for their consideration at an October Board meeting; and 4) Mr. Nelson stated that the City of Everett has provided District information in response to the District's request for support documents to justify the City's increased sewer rate proposal. Mr. Nelson is now reviewing the information and will report further.

**c.) Attorney:**

No report.

**d.) General Manager:**

No Report.

**This ends the Minutes of the May 23, 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 May 23, 2019 regular meeting of Commissioners, duly adopted at a special meeting of the Board of Commissioners of the District, held at the regular meeting place thereof on June 6, 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 6<sup>th</sup> day of June, 2019.

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

  
**Bill Anderson, Secretary**