

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

December 12, 2019

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on December 12, 2019, beginning at 5:30 p.m., at the District Administration Building. Attending were Commissioners Rod Kepler and Anne Backstrom. Commissioner Bill Anderson was not in attendance. Also present were General Manager Curt Brees, District Engineer Scott Smith, 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. One member of the public was present.

1.) CALL TO ORDER:

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

2.) APPROVAL OF MINUTES:

The Minutes of the special meeting of November 26, 2019 were unanimously approved as circulated.

3.) PUBLIC COMMENT:

No members of the public provided 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:

Fund	Code	Number	Amount
Water Maintenance	743 5408666	.12-001-.12-039	\$149,094.52
Sewer Maintenance	743 5418666	.12-001-.12-011	617,775.80
Sewer Capital Improve.	743 5448666	.12-001-.12-003	450,949.19
Water Capital Improve.	743 5468666	.12-001-.12-002	201,797.33
Revolving Check Fund		6876 - 6877	49,776.36
Total Warrants			\$1,469,393.20

b.) Staff Report – 2020 Salary and Wages

Mr. Nelson presented the 2020 Salary and Wages and Draft Resolution No. 785 – Amending Chapter 3.10 (Employee Hours and Pay) and creating Chapter 3.13 (Employee Classifications and Salary Ranges) of the District Code.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved and executed Resolution No. 785 - Amending Chapter 3.10 (Employee Hours and Pay) and creating Chapter 3.13 (Employee Classifications and Salary Ranges) of the District Code.

5.) CAPITAL IMPROVEMENT PROJECT(S):

a.) Staff Report – Waldenwood Lift Station

Mr. Smith presented a Staff report on the Waldenwood Lift Station Replacement Project, and presented photos of the project work in progress. Pay Estimate No. 3 was also presented for Board of Commissioners approval.

MSI continues to excavate on-site for the new building foundation, and has exposed part of the existing lift station on one side. Installation of ecology block walls for shoring is underway on the southwest and northwest sides of the site. An insertion valve has been installed on the force main. This will allow MSI to install a new temporary force main for the duration of the station construction.

The contractor continues to work with District crews to address vibration and pump maintenance issues that have arisen in the last two months.

Staff requested the Board approve the monthly payment estimate for work completed in November in the amount of \$250,391.40. Work completed to date is primarily excavation, erosion control, and dewatering.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved Pay Estimate No. 3 and directed staff to process a payment to McClure & Sons, Inc. for work performed as identified, including Washington State Sales Tax, in the amount of \$250,391.40.

b.) Staff Report – 131st Street Water Main Project – Pay Estimate No. 1 and Change Order No. 1

Mr. Smith provided a Staff report, Pay Estimate No. 1, and Change Order No. 1 for the 131st Street Water Main Replacement Project.

Construction began on October 15, 2019, and work progressed steadily with only minor changes to the original design. Directional drilling had to be used to install seven service connections across the road due to poor soil conditions, and one fire hydrant had to be relocated to coordinate with an approved land development project. Since this work was outside the original project scope, a Change Order is necessary to include these two new work items. Other than adjustments to quantities with unit prices, these are the only changes anticipated to the project scope and the construction contract. Including the change order, the project is still well within the approved project budget.

The final connections to the new water main were made on November 26, 2019, and individual water services were transferred to the new main during the week of December 9, 2019. All work has been completed on the project except for final restoration and punch list items. Coordination will be necessary with Snohomish County to determine the extent of any asphalt patching in the roadway, and may need to be completed by separate contract in the spring.

Staff requested the Board approve both Pay Estimate No. 1 in the amount of \$201,459.45 for project work completed through November and Change Order No. 1 in the amount of \$10,237.80.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved Pay Estimate No. 1, and directed staff to process a payment to D&G Backhoe, Inc. for work performed through November, in the amount of \$201,459.45, including Washington State Sales Tax.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved Change Order No. 1 in the amount of \$10,237.80 and directed the General Manager to sign Change Order No. 1.

c.) **Staff Report – Special Connection Fee for 131st Street SE**

Mr. Smith provided a Staff report, Map of Parcels Subject to Connection Fee, and a Spreadsheet of Proposed Connection Fees for Individual Parcels, regarding a Special Connection Fee (SCF) for the 131st Street SE.

The new 12” water main serves two primary functions: (1) to increase the available fire flow to meet current standards for new development projects adjacent to the project work, and (2) to help strengthen the District’s water main network capacity in the larger Silver Acres area so that this area may be served by the District’s source meters and reservoirs. Currently, this area is valved off from other parts of the District’s system and is interconnected with the City of Everett’s water system. Other District and developer projects will likely follow in the Silver Acres area in the near future and the District intends to serve this area directly. The project on 131st provides a strong base to start improving the overall system.

If the District had not proceeded with this water main project, individual developers would have been responsible to install a new 8” water main in 131st Street SE at their cost to meet fire flow requirements. A specific example is the Ramalah Short Plat, a four unit duplex at 1120 131st Street SE. A map provided showed parcels on 131st Street SE that will directly benefit from the new water main installation.

Consequently, District staff is proposing the creation of a new Special Connection Fee (SCF) for those parcels along 131st Street SE that could redevelop with the increased available fire flow. The SCF would help the District recoup the developer’s proportionate share of the overall project costs.

A 12” water main was installed for greater network capacity versus an 8” main for fire flow only, so the price difference between the two sizes was used as the basis for cost sharing between what the District will bear and what will be recovered through the SCF. Gray & Osborne, Inc. provided recent bid prices for the two pipe sizes, and the average cost of an 8” pipe was approximately 75% of a 12” pipe. Therefore, staff was attributing 75% of the project costs to the adjacent developers (fire flow) and 25% to the District (network improvement to the larger area).

There are various methods that can be used to calculate the amount of the SCF, and staff considered the three most common - ERU, front footage, and area, as follows:

- ERU (or number of connections) was problematic since it required speculation of future development actions. For example, if four duplexes were assumed on a property in the calculations but the owner only built two, it would underestimate the individual parcel amounts.
- Front footage can be the most straightforward method if all parcels have direct and relatively even frontage lengths. However, a few parcels on 131st Street SE have either overlapping frontages or small panhandle driveways, which can skew the calculations for the other properties.
- The area method was determined by staff to be the fairest and easiest way to determine the SCF for each parcel. The area is a known quantity from County tax records, and there is little or no lost or unusable space due to wetlands or critical areas.

The development cost per acre using the area methodology is estimated to be approximately \$54,200, and the amount to be assessed on each parcel was seen in the spreadsheet provided. The final amount will be determined in December 2019 once the final construction and G&O costs are known. Payment would be made with an approved water meter permit, similar to a General Facilities or Latecomer's charge.

It should be noted, the SCF will only be assessed on parcels that develop and receive direct benefit from the new water main, due to the availability of increased fire flow. Existing customers who are not making any service changes would not be subject to the new fee. Staff requested direction as to (1) should a SCF be implemented, (2) methodology for assessing the applicable fee, and (3) the notice procedure for the adjacent property owners subject to fee upon implementation.

Staff stated that based on the Board's discussion, a resolution to adopt a Special Connection Fee could be brought forward for approval at an upcoming meeting. Public notice will be sent by certified mail to the affected parcels prior to adoption. The area methodology will be used to calculate the SCF to the individual adjacent properties.

6.) DEVELOPMENT PROJECTS:

a.) Staff Report – Reimbursement Agreement Updates

Mr. Smith provided a Staff report regarding Resolution No. 786 - Amending Code Section 6.15.030, Redline version of Code Section 6.15.030 (showing edits), and Resolution No.787 – Approving a New Reimbursement Agreement Form.

It has been several years since the last Reimbursement (aka Latecomer's) Agreement was processed by the District, and most past agreements have been for regional lift station projects. However, there are three 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.

At the October 24, 2019 Board meeting, staff and the District's attorney reviewed the basic latecomer process steps and facilitated a discussion on the following policy issues:

- **Application Timeline** – Board direction was to limit the application timeline to 60 – 90 days.
- **Application Fee vs. Deposit** – Board agreed to change from a flat application fee to a deposit.
- **Public Notice Process** – Board agreed to include a more formal public outreach process.
- **Agreement Term Length** – Board direction was to maintain the existing term length of 10 years.
- **Biennial Notice Requirements** – Board agreed to update the Code and agreement form to include a two-year notice requirement. Based on input from the Board, staff worked with the District's attorney to revise Code Section 6.15.030 and the Reimbursement Agreement Form, which was provided to the Commissioners. Several existing portions of the Code section were also rewritten for better clarity.

Staff requested the Board approve, by motion, Resolution No. 786 - Amending Code Section 6.15.030.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved and executed Resolution No. 786 – Amending Code Section 6.15.030.

Staff requested the Board approve, by motion, Resolution No. 787 – Approving a new Reimbursement Agreement Form.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved Resolution No. 787 – Approving the New Reimbursement Agreement Form. The Board directed staff to prepare Resolution No. 787 – New Reimbursement Agreement Form to be executed at the next Board meeting.

7.) **MAINTENANCE & OPERATIONS**

a.) **2020 Conference and Training Schedule**

Mr. Brees presented the 2020 Conference and Training Schedule.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved the Conference and Training Schedule for 2020.

b.) **Report on 8th Street – 4” Cast Iron Water Main Break**

Mr. Berger provided a verbal report and presented photos of a 4” Cast Iron Water Main break that was located on 8th Drive SE. The break occurred on a weekend and was

promptly repaired by District crews. There was no damage to private property; however, a tree that likely contributed to the break will be removed.

8. INTERAGENCY REPORTS

a.) Update on Supreme Court Decision on King County Franchise Compensation Ordinance

Mr. Milne provided an update on the Supreme Court decision on the King County Franchise Compensation Ordinance. Mr. Milne reported the Court had reversed the earlier Superior Court decision which had been favorable to the district defendants. Implications of the decision were discussed in addition to possible legislative strategies. Other counties may now consider enacting similar ordinances which may significantly impact the costs to provide utility services.

9.) STAFF REPORTS

a.) District Engineer:

No further report.

b.) Finance Manager:

Mr. Nelson reported that the State Auditor is nearing completion on their field audit work. They are significantly behind from their estimated schedule largely due to their own scheduling of staff. No findings have been identified and no exit items are anticipated. An Exit Conference will be scheduled in January 2020.

Mr. Nelson updated the Board on an unauthorized customer connection that was identified by the District's field crews associated with their work in support of the 131st Water Main Replacement project. A resident of a duplex had been shut off for nonpayment for an extended period. However, a jumper hose had been discovered to the other unit of the duplex and both property owners were notified by letter that the jumper connection was not permissible. The newly discovered unauthorized connection was made at the back of the units, also with a jumper hose between hose bibs. It apparently was made without the consent of the property owner with a District utility account in good standing. The property owner that has service suspended for nonpayment has been assessed a five hundred dollar penalty and notified again via letter from the District to cease and desist unauthorized connections to the District's water system. The property owner was also provided a District notice of intent to lien his property if the penalties, fees and charges are not timely paid. If not, the unpaid fees, charges, and penalty will be included in the lien when filed.

Mr. Nelson reported that Pay NW, a new vendor for payroll services, has modified its service agreement to address the District's primary concerns, and that the General Manager would now execute the agreement as previously authorized by the Board of Commissioners.

Mr. Nelson reported that he will be developing a few updates to the District's Financial Management Policies which are codified in Chapter 4.05 of the District Code for future Board of Commissioners consideration. The updates will be related to requiring all employees to be paid via direct deposit rather than issuing a check for deposit, and to restructure the District's accounting to the BARS system.

Mr. Nelson reported that the District's post office box at the Mill Creek Post Office has been closed. Staff began this transition a few months ago and in order to forward mail to the District's physical address, the District was required to close the P.O. Box.

c.) **Attorney:**

No further report.

d.) **General Manager:**

Mr. Brees reported that Commissioner Anderson was unable to attend tonight's meeting as he is in a rehabilitation facility following surgery last week.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners excused Commissioner Anderson's absence.

Mr. Brees also reported that Commissioner Anderson has tendered a Letter of Resignation from his Board of Commissioner position, effective December 18, 2019.

Mr. Brees reported that Judi Gladstone, Executive Director of WASWD, visited the District office today to learn more about the District. Originally, she had intended to also attend the Board of Commissioners Meeting but had a schedule conflict and will likely return early next year.

The General Manager requested an Executive Session to discuss potential litigation pursuant to RCW 42.30.110 (1) (i) and to review a charge against an employee pursuant to RCW 42.30.110 (1) (f). President Keppler advised that the Executive Session would be approximately 15 minutes in duration and would conclude at 6:15 p.m. A motion was made, seconded and unanimously approved by the Board of Commissioners to convene to an Executive Session to discuss these matters. The Commissioners, the General Manager, and the District's Attorney then attended the Executive Session at 6:00 p.m. The Executive Session concluded at 6:15 p.m. and the open public meeting reconvened.

Commissioner Keppler requested that Mr. Milne advise him, regarding the process to fill a Commissioner vacancy. Mr. Milne reported on the process and required candidate qualifications.

This ends the Minutes of the December 12, 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

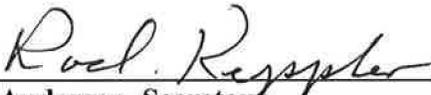
I, the undersigned, Secretary of the Board Commissioners of Silver Lake Water and Sewer District, Snohomish County, Washington (the "District"), hereby certify as follows:

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 December 12, 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 December 24, 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 24th day of December, 2019.

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


~~Bill Anderson, Secretary~~
Roel Keppler, President