

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

May 14, 2020

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on May 14, 2020, beginning at 5:30 p.m. Attending by video conference were Commissioners Anne Backstrom, John Warner, and Shauna Willner; also present by video conference were General Manager Curt Brees, District Engineer Scott Smith, O&M Manager Ron Berger, Technical Services Manager James Busch, William Linton with Inslee, Best, Doezie, and Ryder P.S., Attorney for the District and Eric Delfel with Gray & Osborne, Inc.; Finance Manager Brad Nelson attended by teleconference. The public was provided access to participate via teleconference, with the telephone number and access code published on the District’s website and posted at the District Administration Building (regular meeting location).

1.) CALL TO ORDER:

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

2.) APPROVAL OF MINUTES:

The Minutes of the meeting of April 23, 2020 were unanimously approved as circulated.

3.) PUBLIC COMMENT:

No members of the public participated in the teleconference.

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	.05-001-.05-045	\$62,562.62
Sewer Maintenance	743 5418666	.05-001-.05-014	1,175,120.12
Sewer Capital Improve.	743 5448666	.05-001-.05-003	569,096.33
Revolving Check Fund		7082 - 7095	174,248.73
Total Warrants			\$1,981,027.80

b.) Staff Report – Update to Chapter 4.05 of the District Code, Financial Management Policies

Mr. Nelson provided a Staff report and Draft Resolution No. 796 – Fixed Asset Policy Update to the Board of Commissioners.

The District is required to establish Fixed Asset Policies and record assets and their depreciation in Generally Accepted Account Principles (GAAP). The Washington State Auditor’s Office (SAO) has the statutory duty to audit local Washington governments for both Accountability (Compliance) and Financial (Financial Statements), the District is audited on annual basis by the SAO.

Over the last two decades, starting with GASB Statement 34 - Fixed Assets, GASB has been implementing new rules to improve both Governmental and Proprietary Fund reporting rules. As these rules have been implemented, the Washington State Auditor's Office has become more prescriptive and less flexible in their auditing interpretations and guidance to incorporate the new GASB rules. For the last audit, the Washington State Auditor issued a Management Letter item regarding the District reporting on Water Service (Water Meters) and Hydrants, recommending that the District remove replacement Water Services (Water Meters) and Hydrants from both General Fixed Assets and Accumulated Depreciation. Typically, this transaction has no net effect on total asset which is why it is not typically posted. This recommendation, while sounding easy, is actually quite complicated, since the original value of the individual Water Service (Water Meter) and Hydrant is contained in a group entry and the sheer number of Water Services (Water Meters) is (18,500+) and the Hydrants (1,900+).

Rather than take on this body of work that adds no value, staff recommended the Board change the District's Fixed Asset Policies. With this change, the District would not capitalize Water Service or Hydrants individually, but would allow their initial inclusion within a developers contributed infrastructure (part of a Bill of Sale) or major District capital project as a component piece. All other purchases or replacements of Water Services (Water Meters) and Hydrants would be expensed in the year there are purchased. The District would be required to post a change in accounting practice and write off approximately \$4,914,544 (2018) for Water Services and \$208,832 (2018) for Hydrants.

Staff stated that Mr. David Hoagland will be presenting the 2019 Financial Statements to the Board of Commissioners at their May 28, 2020 meeting, with the District planning to mail the 2019 Financial Statements on May 29, 2020.

Staff requested the Board discuss and approve Resolution No 796 – Fixed Asset Policies.

Following discussion, by motion made, seconded, and carried unanimously the Board of Commissioners approved and executed Resolution No. 796 – Fixed Asset Policies.

c.) Update on Contract with Invoice Cloud for E-Bill Presentment and Payment Processing

Mr. Nelson provided an update to the Board of Commissioners regarding the Contract with Invoice Cloud for E-Bill Presentment and Payment Processing. Mr. Nelson reported that he is still reviewing the agreement with assistance from Mr. Linton. A provision of the agreement related to credit charge backs is still being reviewed. In addition, Mr. Nelson reported that emGovPower (vendor for the Districts utility billing software) has provided a Scope of Work and Fee Estimate to write the file exchange with Invoice Cloud that will allow more information to be presented to customers regarding their invoice, such as itemization of charges and prior period consumption rather than simply providing the amount due. The estimate is approximately \$10,000.

Following discussion, by motion made, seconded, and carried unanimously the Board of Commissioners authorized the Scope of Work and Fee Estimate provided by emGovPower.

5.) CAPITAL IMPROVEMENT PROJECTS

a.) Staff Report – Waldenwood Lift Station Replacement

Mr. Smith provided a Staff report and Pay Estimate No. 8 regarding the Waldenwood Lift Station Replacement Project, and reviewed photographs of the work in progress since the last update.

MSI poured the concrete building slab on April 28, 2020, and the generator pad on May 5, 2020. The new force main is being installed onsite, and materials are being delivered to start working on the building's CMU block walls.

The District awarded the Waldenwood Lift Station Replacement Project to McClure and Sons (MSI) on June 6, 2019. Previous pay estimates have been approved by the Board monthly.

Staff requested the Board of Commissioners approve monthly Progress Estimate No. 8 for work completed in April, in the amount of \$292,751.98. Work on this pay estimate consists of approximately 15% of the trench safety bid item and 7.69% of the lift station replacement lump sum item.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved monthly Progress Estimate No. 8 for work completed in April, in the amount of \$292,751.98.

6.) MAINTENANCE & OPERATIONS:

a.) Staff Report - Douglas Fir Neighborhood Valve Repairs

Mr. Berger provided a Staff report to the Board of Commissioners regarding the Douglas Fir Neighborhood Valve Repairs.

On Friday, April 24, 2020, Bill Kuhlman (Water Quality Coordinator) was performing fire hydrant maintenance, shutting off a valve to perform work on a hydrant, when water began pouring out of a Valve Can for the valve he was operating. The water valve was a 6" M&H Cast Iron that was installed in 1982. Crews were able to shut the valve down enough for the weekend so that the repair and new valve could be installed on Monday. Customers were notified of the upcoming water main shutdown.

On Monday April 27, 2020, while shutting off the water main for the hydrant valve repair, an additional valve located at the intersection of 11th Place SE and 142nd Street SE started to leak a large amount of water from the valve. The Scope of the Work was increased to include a second valve replacement, and an additional 30 residents were notified of a water main shutdown.

The first valve was replaced with a new one by 12:30 p.m. Meanwhile, a second crew was jack hammering on the 142nd Street intersection valve, preparing for excavation. The second broken valve was also a 6" M&H Cast Iron model exactly like the first one. Crews installed the new valve by 5:30 p.m. and flushing began. Customers were back in service between 6:45 p.m. and 7:15 p. m. after flushing concluded.

When the COVID-19 State orders are lifted and people are fully back to work, District crews will use the Hydraulic Valve Exerciser and go through the remainder of these valves to ensure that they are all sound and in good working order. The valves operated during these water main shutdowns worked well. The two new valves installed were Mueller Ductile Iron Resilient Seat Wedge replacements.

No property damage occurred during this leak event for either valve.

- b.) **Staff Report – Update to chapter 3.13 of the District Code, Salary and Wages**
Mr. Brees, Mr. Nelson, and Mr. Smith provided a report and Draft Resolution No. 797 to the Board regarding an update to Chapter 3.13 of the District Code, Salary and Wages.

The Board approved the creation of a new Building and Grounds Maintenance position at their meeting on March 26, 2020. This internal position would provide a higher level of control, certainty, and reliability in the building and workspace cleaning practices. The cost will be partly offset by a reduction in current contracted services.

The Construction Inspector position was discussed and approved by the Board on April 23, 2020. During the creation of the job description, it was determined that a “Senior” level inspector would be appropriate for the desired level of experience and autonomy, as well as covering both development and capital projects. This new position would replace the full-time employee provided by Gray & Osborne, Inc. (G&O), and could take on additional inspection duties currently performed by maintenance staff (i.e. side sewer and two-year warranty). This position would be more cost efficient for both the District and developers, and resolve some long-term administrative process issues with G&O.

Presented to the Board were the proposed job descriptions for the new Building and Grounds Maintenance and Senior Construction Inspector positions. Both were modeled after similar positions that exist with the Alderwood Water & Wastewater District, and modified for Silver Lake’s specific needs.

A survey was performed by the Finance Manager with peer agencies to determine an appropriate salary level for each position. The proposed pay range was shown in the Exhibit in the Resolution. District staff is recommended the adoption of Resolution No. 797 to amend the Employee Classifications and Salary Ranges in District Code Section 3.13.030.

Following discussion, by motion made, seconded, and carried unanimously the Board of Commissioners approved and executed Resolution No. 797 – Amending the Employee Classifications and Salary Ranges in District Code Section 3.13.030.

7.) **STAFF REPORTS:**

a.) **District Engineer:**

Mr. Smith reported that a staff team had recently completed virtual interviews for a Seasonal Engineering Internship position. This position was included in the Financial Forecast for 2020 and will be managed by the District Engineer and GIS Analyst. The finalist is a current Engineering Undergraduate Student at the Washington State

University, Everett Campus. Additionally, this finalist has experience from previous summers working for the City of Monroe Public Works Department.

b.) Technical Services Manager:

No further reports.

c.) Finance Manager:

Mr. Nelson reviewed with the Board of Commissioners, the process that staff undertakes to bench mark salaries for District employees.

Mr. Nelson reported that many public employees are being targeted for unemployment claim fraud and indicated that information has gone out to all District employees.

Mr. Nelson concluded that General Connection Fees have been collected and the side sewer has been inspected for an ADU that the District first became aware of in 2016. A permit was issued to the property owner authorizing the connection.

d.) O&M Manager:

Mr. Berger reported that the O&M crews, in coordination with Gray & Osborne, will begin draining Reservoir No. 3 to complete the one-year inspection of the new interior coating and to install the replacement mixing system.

e.) Attorney:

No further reports.

f.) General Manager:

Mr. Brees reported that he is one of the public employees that has been targeted for unemployment claim fraud. Mr. Brees reported that the Employment Security Department is clearly overwhelmed and the process to report the fraud is still being developed.

Mr. Brees reviewed the Board of Commissioners Work Plan document that has been updated for the month of May.

Mr. Brees reported that on many occasions, the Board has directed the General Manager to close the office and dismiss the staff at noon on the Friday before both Memorial and Labor Day.

Following discussion, by motion made, seconded, and carried unanimously the Board of Commissioners directed the General Manager to close the office at noon and dismiss the staff on May 22, 2020, and also on September 4, 2020.

The Board of Commissioners expressed their appreciation to the District's employees that have worked through the duration of current emergency delivering essential services.

This ends the Minutes of the May 14, 2020 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 14, 2020 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 May 28, 2020 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 28th day of May, 2020.

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



Shauna Willner, Secretary