

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

August 27, 2020

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on August 27, 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, Finance Manager Brad Nelson, 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. 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 regular meeting of August 13, 2020 were unanimously approved as circulated.

**3.) PUBLIC COMMENT:**

No members of the public participated in the teleconference.

**4.) FINANCIAL MATTERS:**

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

Mr. Nelson provided notice that there was a data processing error for this check run, and the Claims Numbers for Banks 2, 3, and 4 had to be reset; these vouchers could not be updated with the correct Claim Numbers.

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	.08-053-.08-092	\$330,899.61
Sewer Maintenance	743 5418666	.08-001-.08-015	633,580.86
Sewer Capital Improve.	743 5448666	.08-001-.08-005	29,454.22
Water Capital Improve.	743 5468666	.08-001-.08-005	35,799.32
Revolving Check Fund		7252 - 7282	57,638.79
<b>Total Warrants</b>			<b>\$1,087,372.80</b>

**b.) Staff Report – Review Options for Documents to Support Voucher & Check Approval**

Mr. Nelson provided a verbal report to the Board of Commissioners regarding Review Options for Documents to Support Voucher & Check Approval.

Washington law and accounting standards require all County, City, and Special Purpose District payments to be reviewed and approved by the agency's Governing Board (Board of Commissioners). The Board of Commissioners are authorized to provide authority to appointed staff on how these payments are issued to payees and reviewed and approved by the Board. The Board of Commissioners have previously approved staff to make payments for payroll, taxes, customer refunds for overpayment, utility payments and credit card payments. These types of payments require payment by a certain date that does not always line up with the Board of Commissioners meeting schedule, which are held twice a month. These payments are documented and submitted for approval at the subsequent scheduled meetings within three separate reports: Monthly Payroll Report, Accounts Payable Report, and the Revolving Check Report.

All other payments are considered Accounts Payable and paid through the accounts payable process. These payments are prepared for the Board and checks are retained in the District's safe until the Board approves the payment. If the Board does not approve the payment, the check is not mailed and is retained until further action is directed by the Board. The Board receives the Blanket Claims Approval Document. This report's format is a carryover from when the County was the District's Treasurer and two of its biggest limitations is that the payment description is actually the general ledger account name and there is not a total provided for each vendor. The General Manager is also provided an Open Invoice Report that provides more information in case the Board has questions about a specific invoice. Staff has also provided the complete backup Accounts Payable supporting documentation and approval material as a reference.

During Commissioner Warner's review of the August 13, 2020 Accounts Payable Report, he had questions regarding the payment's description in the report, "Tool, Shop, and Garage Equip." for the payment to Xylem for the trailer mounted sewer pump. This description is actually the name of the General Ledger account the transaction is posted to rather than the description of the invoice.

Mr. Nelson provided sample Accounts Payable registers from the Olympic View Water District, Highline Water District, City of Marysville, and the Alderwood Water & Wastewater District. Staff's recommendation would be to update the report to a format consistent with the existing Revolving Check Report which provides check number, check date, vendor, invoice description, invoice amount, and check amount.

The Board reviewed the Accounts Payable Report format and samples from other agencies and provided direction to staff to proceed with the staff recommended changes to the Accounts Payable Register.

**5.) DEVELOPMENT PROJECTS**

**a.) Staff Report – District Inspection Charge**

Mr. Smith provided a summary of a Staff report and Senior Construction Inspector Hourly Rate Calculation Sheet to the Board of Commissioners regarding District Inspection Charges.

On April 23, 2020, the Board authorized staff to create and hire a new position for an internal Senior Construction Inspector, which has previously been accomplished by a full-time consultant staff person from G&O. The new position will be more cost effective for both the District and developers, and will solve some administrative issues associated with using a full-time consultant as a District employee.

The District went through a recruitment process for the new inspector position in May 2020 and received nine applications. Four were interviewed, and the existing consultant inspector, Lloyd Tjeerdsma, was selected as the finalist. Lloyd started work as a full-time District employee on August 17, 2020.

One administrative item that needs to be addressed is the chargeable hourly rate for time spent on development projects and the internal billing process for the new inspector position. Since this is a brand new position at the District, it creates an opportunity to integrate the inspector's daily reports, timesheet, and developer billing, into the new Lucity Work Order system.

It would be more efficient to have one standardized billing rate for the inspector that includes staff time, overtime, vehicle/mileage costs, and expenses such as computer, cell phone, etc. It would also provide a standard known cost for developers, who often have issues with unknown and hidden costs when billed for DE work. The allocation of costs for the Inspector to the billing rate should also be fair and only include development work, not capital projects.

Based on the attached calculation sheet, staff proposed a standard chargeable rate of \$110.00 per hour for DE inspection work. Previously, the inspector time was tracked and billed by G&O at a rate of \$127.60 per hour, plus mileage and overtime. The proposed rate is based on several assumptions, and the time and expenses for the new inspector will be tracked throughout the year using data from the Lucity System and compared to actual costs. The inspection rate will then be evaluated and adjusted annually as needed.

Staff is requesting the Board of Commissioners establish a new hourly inspection rate as an interim measure that can be implemented immediately. A more formal and permanent rate structure will be brought to the Board in the future as a District Code amendment with other rate and fee changes.

Following discussion, by motion made, seconded, and carried unanimously, the Board approved the proposed hourly rate for the new Senior Construction Inspector position at a rate of \$110.00 per hour for DE inspection work.

**b.) Staff Report – Developer Extension Fees**

Mr. Smith provided a summary to the Board of Commissioners on a Staff report regarding Developer Extension Fees.

In accordance with RCW 57.22.010(7), developers are required to pay for all costs associated with a development project, or “growth pays for growth”. The District currently

charges for actual staff and consultant time expended on a Developer Extension project, but the billing is on a reimbursement basis and the final bill is not collected until the end of the project, before final acceptance.

Occasionally, DE projects expire or are canceled before construction with limited options to recoup staff costs spent early during the review and approval process. It can also be a challenge to get payment from developers for delayed billing after the DE project is complete.

Availability requests are the first basic step in a development project, but have become more common since Snohomish County is also requiring an availability response for building permits. While this creates a good opportunity to become aware of smaller projects that might trigger water and sewer requirements, such as a connection fee payment for a new ADU, it still requires staff time to research and process requests.

There are no District application fees for availability requests or DE projects to cover staff time spent prior to construction, nor a deposit to secure final payment for inspection or maintenance crew work in the field.

The District's costs for construction inspection and maintenance crew work in the field will vary by the size and complexity of the project, as well as the quality of the contractor. However, the costs for administering the DE Agreement in the office are more consistent.

The DE administration, review, and approval process in the office, is essentially the same for a 6-lot short plat as a 60-lot development, and the difference in the amount of staff effort between those two projects would not be 10-fold. Mr. Smith reviewed two tables detailing the actual DE administrative costs through plan approval and total DE project costs from dozens of recent projects.

It should be noted, these DE costs do not include the project punch list and closeout costs in the office, which are approximately the same for every development. It also does not include associated administrative support costs, such as finance or executive department staff time.

Other types of costs that can vary between projects include items like fire flow modeling, which would be required on a commercial project but may not be needed on a sewer only development, legal fees (if needed), or permitting fees for Snohomish County or WSDOT.

To ensure that District costs are covered for the DE application and review time, as well as for final payment, staff is proposing a new fee system with two components: (1) a flat fee for new DE applications, and (2) a deposit for actual billed costs to cover final payment. Following is the breakdown of what process elements would be covered in each component:

**DE Application Fee**

- Availability requests on DE projects (see further discussion below)

- DE Application processing and preliminary review (new application form forthcoming)
- DE Agreement preparation and Board presentation
- Construction plan review and approval
- Office paperwork items for project closeout and final acceptance
- General DE administrative support work

**Deposit**

- All consultant time, such as fire flow modeling or specialty plan review (i.e. lift station)
- Construction inspection
- Maintenance crew work
- GIS support (as-builts)
- Interagency permitting (Snohomish County and/or WSDOT)
- Legal fees
- Option to use In Lieu of a 2-year Maintenance Bond or for latecomer's deposit
- Actual costs would be billed and not deducted from the deposit unless the project is in default

Having a defined application fee for DE administration would also provide better confidence for developers, who often question unknown or “hidden” costs. Both the application fee and deposit could be tiered or incremental, depending on the nature of the DE project as seen in an example provided to the Board.

Availability requests for non-DE projects should have a fee to cover staff time in principal, but would be a relatively minimal amount, such as \$50. The primary barrier to implement this fee would be the logistics and tracking of the payment, especially during the current COVID pandemic, since the District does not readily accept credit cards. A small Availability Application Fee would essentially be more trouble than it is worth and is not recommended by staff at this time.

Having reviewed the staff recommendations for updates to the reimbursement methodology associated Developer Extensions, the Board provided direction to staff to proceed with the staff recommended changes for future consideration by the Board of Commissioners.

**6.) CAPITAL IMPROVEMENT PROJECTS**

**a.) Staff Report – Capital Projects Update**

Mr. Smith provided a summary of a Staff report and updated Status Matrix for the 2020 Capital Projects to the Board of Commissioners regarding Capital Projects Update.

The short and long-term projects in the District's Capital Improvement Plan are listed in Chapter 8 in both the Water and Wastewater Comprehensive Plans. Staff presented the 2020 Capital Project Work Plan at the March 12, 2020, Board meeting. One proposed change from past practice was to solicit a Request for Qualifications or Proposals (RFQ/RFP) for some projects.

In the last four months, the Board has approved several new contracts with various consultants and vendors, and work is underway on most all projects. The status matrix also includes Developer Participation Projects, where the developer is essentially completing a Capital Improvement Project for the District during construction. Staff provided a summary of each project for discussion by the Board.

The Commissioners thanked Mr. Smith for providing the update and requested that a similar update be presented on a quarterly basis at future meetings.

7.) **INTERAGENCY REPORTS**

a.) **Staff Report – Clearview Water Supply Agency Meeting**

Mr. Brees provided a Staff report regarding the Clearview Water Supply Agency Meeting.

General Manager Curt Brees and Commissioner John Warner attended the Clearview Water Supply Agency (CWSA) Meeting held on August 19, 2020. The meeting was held in a video/teleconference format. The meeting agenda included a review of Maintenance and Operations Reports and Financial Reports.

There were no emergency call-outs during the month of July. There was one alarm which required a staff response to the station that occurred during regular business hours. Minor maintenance items have been completed at the pump station including: Generator, HVAC system, and Pump and Electrical systems maintenance. Water use was down for the month compared to prior years. The pump station ran at a flow rate that varied between 10-13 MGD; fixed speed pumps have been in use on higher demand days.

There were no major items to report with respect to finances for the month of July. It was reported that interest rates are down further, due to the current economic conditions. Monetary Assets for CWSA, as of July 31, 2020, totaled \$892,084.28. The Vouchers approved at the meeting totaled \$531,965.19, with water and power invoices constituting approximately \$492,800.00 of the total expenditures. The District's utilization was 41.45% of the total volume delivered by CWSA during July.

The next meeting of the CWSA is scheduled for Wednesday, September 23, 2020, adjusted for the WASWD Conference. The Annual Meeting, typically held in June, will now be held in October. It is anticipated that the meeting format will be virtual.

b.) **Staff Report – EWUC Meeting**

Mr. Brees provided a Staff report, Everett's Water Situation Fact Sheet and Water Storage/Spada Elevation Graph, regarding the EWUC Meeting.

General Manager Curt Brees and District Engineer Scott Smith attended the Everett Water Utility Committee (EWUC) Meeting and Wholesale Sewer Customer Meetings held on August 20, 2020. These meetings were held virtually, due to COVID-19. The EWUC Meeting topics included: updates from the Department of Health, an overview of the water supply situation, status of the Water Conservation Program, and updates on Everett Capital

Improvement Projects. At the conclusion of the EWUC Meeting, a Wholesale Sewer Customer Meeting was held to discuss updates on sewer capital projects.

Ms. Erica Lindsey with Department of Health (DOH), was not able to attend the meeting as she is serving in a role representing DOH with the State Incident Response Team. Alternate contacts for the DOH staff serving Snohomish County in the interim were provided.

Ms. Apryl Hynes, City of Everett, provided a report on the Regional Water Conservation Program. The classroom component of the educational program has been adapted into an online format to be used in schools this year. There was a discussion on the demand and distribution of water conservation kits. Most of the utilities have distributed very few kits, with offices generally closed to the public. It was determined that the number of kits ordered for 2021 would be reduced.

Mr. Jim Miller, City of Everett, provided a report on the water supply. The Reservoirs are normal for this time of year. There will be adequate water supply through the rest of 2020 and into 2021. It is anticipated that some of the existing storage will be used for power production as there is high demand coming from California. The power production may lead to the levels dipping below average on a temporary basis. The Water Situation Fact Sheet and a Water Storage Elevation Graph showing storage levels in the reservoir were provided as an attachment.

City of Everett staff provided updates on several CIP projects including: Water Comprehensive Plan update, replacement of the East Clearwell roof, transmission pipeline modifications related to the construction of the new Costco in Lake Stevens, rehabilitation to Everett's Reservoir No. 2 and 3, and Emergency Generator Replacements at the Water Filtration Plant. It was reported that the Comprehensive plan update is nearly complete and will be sent out for a concurrency review by the agencies that have jurisdiction over the plan. A design submitted by the design/build contractor for the Clearwell roof has been approved and is still on a schedule to be completed in 2020. The new Lake Stevens Costco construction will require modification to existing transmission lines serving Everett. This project has gone to bid, and a Contractor has been selected. The customers served by this pipeline corridor should always have access to at least one pipeline. This work will not directly impact Pipeline No. 5 which feeds the Clearview Pump Station and the District. Work at Reservoir No. 2 is ready for bid but is awaiting a SEPA determination and land use hearing. It was reported that most of the work at Everett's Reservoir No. 3 has been moved to the fall of 2021. The City of Everett was successful at replacing a valve that should allow Pipeline No. 5 to operate during their work at Reservoir No. 3. Generator replacement at the Water Filtration Plant is ongoing and will occur in phases throughout 2020 and into 2021. One generator will be replaced in 2020.

There was a discussion by the participants on how the different agencies have adapted their operations to respond to COVID-19.

Following the EWUC Meeting, the Wholesale Sewer Customers (SLWSD, Alderwood Water & Wastewater District, and Mukilteo Water and Wastewater District) met with City of Everett staff to discuss the status of CIP Projects. Current projects include: Dike Reconstruction, Chlorine Building Replacement, and Trickling Filter Replacements. The first project reported on was the Dike project. The trail on the top of the dike will be paved soon, completing the project. The ongoing project to construct a new Chlorine Building at the North end of the lagoons (disinfect effluent prior to discharge) and the associated improvements (a discharge to the Snohomish River) are nearing completion; expected to be complete in 2020. Work to replace the first of two trickling filters is underway, these projects will continue into 2021.

Mr. Brees reviewed the attachments to the report with the Board of Commissioner, detailing how these handouts describe the status of the water supply and operating parameters of Spada Lake which is co-managed by the City of Everett and Snohomish PUD.

**8.) STAFF REPORTS:**

**a.) District Engineer:**

Mr. Smith reported to the Board of Commissioners that invoices for legal services related to two latecomer agreements were larger than anticipated. As the District had not approved a latecomer's agreement for many years, the task to update the documents was larger than anticipated. The costs to prepare and record these documents is typically borne by the developer; however, staff recommended that a portion of these costs (the portion attributable to developing the form templates) be attributed to the District.

Following discussion, the Board concurred with the staff recommendation and directed Mr. Smith to work with Inslee Best to apportion the costs accordingly.

**b.) Finance Manager:**

Mr. Nelson reported to the Board that customers that are delinquent more than two billing cycles have been sent a special notice via mail. Three types of notices were created: one for property owners with tenants, one directed to tenants, and one for owner occupied properties. The notices, remind customers of the balance, detail the deferral of any collection activities until the suspension of the Governor's proclamation, and describe the Repayment Program that will be implemented by the District upon the suspension of the order.

Mr. Nelson also provided an update on the implementation of the new payment portal.

**c.) O & M Manager:**

Mr. Berger reported that District staff, acting on the recommendations of the Water Quality Study, manually added Chlorine to Reservoir No. 3 to boost the residual disinfection level. As with past years, this summer it has been difficult in the month of August to maintain a residual level above .2 mg/L which is the new mandated minimum level.



Mr. Berger reported that the CCTV inspection work by the District's contractor is nearing completion. This work has also engaged the District crews with additional jetting of sewers in advance of the inspection work.

**d.) Technical Services Manager:**

Mr. Busch reported that the import of the CCTV inspection data is ongoing. The process has improved but still requires significant auditing and follow-up with the contractor.

**e.) Attorney:**

Mr. Linton reported that he is actively monitoring the proclamations by the Governor for how they may impact agency operations, noting that updates tend to occur on Fridays immediately prior to expiration.

**f.) General Manager:**

Mr. Brees reported that the Fall WASWD Conference registration is now open, and encouraged the Commissioners to attend.

Mr. Brees also reported that he and Mr. Busch were working with Integrated Systems, the District's HVAC contractor for the Administration Building, on operational modifications and enhancements to improve indoor air quality due to COVID-19. The approach will include, changing settings to increase the exchange of outside air, increasing air filtration and the installation of an ionizing system that disinfects air passing through the air handling unit.

There being no further business before the Board, the meeting was adjourned.

**This ends the Minutes of the August 27, 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 August 27, 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 September 10, 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 10<sup>th</sup> day of September, 2020.

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

  
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**Shauna Willner, Secretary**