

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

November 10, 2021

The special meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on November 10, 2021, beginning at 5:30 p.m. The meeting was held in hybrid format with Commissioners Anne Backstrom, John Warner, and Shauna Willner, in person at the District Administration Building. Also present in person was General Manager Curt Brees and Finance Manager Brad Nelson. Attending virtually was District Engineer Scott Smith, and Technical Services Manager James Busch; William Linton with Inslee, Best, Doezie, and Ryder P.S., Attorney for the District; Eric Delfel, with Gray & Osborne, Inc. The public was provided access to participate in person or 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 October 28, 2021 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, including the vouchers paid by the District, to the District, for utility services at District facilities, Vouchers (Check No. 17366 – 17418) in the amount of \$175,489.92; Revolving Fund Checks (Check No. 8189 – 8213) in the amount of \$149,333.95, were unanimously approved and signed as follows:

Fund	Amount
Water Maintenance	\$108,188.32
Water Capital Improvement	35,466.56
Sewer Maintenance	27,942.91
Sewer Capital Improvement	3,892.13
Revolving Check Fund	149,333.95
Total	\$324,823.87

b.) Staff Report – 2022/2023 Capital Facility Plan & Capital Project Status

Mr. Nelson provided a verbal summary to the Board of Commissioners on a Staff report regarding the 2022/2023 Capital Facility Plan and Capital Project Status.

The Silver Lake Water and Sewer District adopts Water and Sewer Comprehensive Plans to determine the long-term capital facility needs of the District, guide rate setting, and to determine the General Facility Charges for new connections. The District's current Water and Sewer Comprehensive Plans were adopted in 2017 and 2018 respectfully. The 2022 Capital Projects Report provides a review of the District's current capital projects and forecasts capital project costs for the next two fiscal years. Typically, most of the projects included in the Annual Capital Projects Report were authorized in the Water and Sewer Comprehensive Plan.

The 2022 Capital Project Report also contains the District's portion of the City of Everett's Sewer Capital projects and Clearview Water Supply Agency (CWSA) Water Capital projects according to the terms of Interlocal Agreements. Like the District's Capital projects, projections by the City of Everett and the CWSA can change from year-to-year.

Funding to pay for the District's Capital projects are typically provided by rates, and General Facility Charges that are assessed to all new water and sewer connections or by the issuance of debt, including Public Works Trust Fund Loans (PWTF). Funding for the Clearview Water Supply Agency's (CWSA) Capital projects is currently embedded in the water rates charged by the CWSA. A detailed review of the City of Everett, CWSA, and Silver Lake Water and Sewer District Capital projects was provided separately.

The District is contractually obligated to pay a portion of certain City of Everett Sewer Treatment Plant projects. The District's percentage of the projects are defined by contract and based on the percentage of the City's Sewer Treatment Plant's capacity. For most treatment plant projects, the District's percentage is 16%. A Table was provided that outlined the City of Everett's current planned projects, the project's total budget, the District's share of the project (%), and the District's share of the projects for 2021 and 2022. Based on this Capital Plan, the District expects to pay the City of Everett \$200,000 in 2022 and \$176,000 in 2023 for Capital projects. Staff provided an attachment of the City of Everett's most current Wholesale Sewer Project, listing expenses projected to 2027.

The CWSA Board is discussing a major electrical renovation project at the reservoir. The preliminary estimate is \$750,000. The District's share is estimated to be \$201,525 if the project is a capital project. The District's share of CWSA's Capital projects ranges from 20.16% to 26.87%. Staff noted that the CWSA has authorized 124,950 for a ten-year water comprehensive plan. This plan will be expensed by the agencies in 2022. As such, the District's share as an expense item would be estimated at \$57,000 and will be included with the 2022 Contracted Water and Sewer Rates Report.

The District's adopted Water and Sewer Comprehensive Plans outlines the District's total approved capital projects over ten years. Over time, the projects approved in the Comprehensive Plans can change, based on changing technologies or the capital needs of the District. A Table was provided that outlined the District's current and projected capital projects. The District's investment in capital projects is expected to be \$10,793,636 in 2022 and \$11,187,0810 in 2023.

A detailed listing of the District's 2022 and 2023 proposed projects and the District's current Water and Sewer Comprehensive Plan Capital Project listings were provided. The District's complete Water and Sewer Comprehensive Plans can be found on the District's webpage.

Staff noted that with regards to water capital projects, the Water Capital Improvement cash and investment balances have \$2,297,599.67 as of September 30, 2021, with another \$4,493,235.30 in the Water Maintenance Fund. As such, as the District proceeds to construction for any major water capital projects, they will most likely require debt financing.

The Board of Commissioners discussed the 2022 Capital Project Report and provided direction to staff to include the 2022 and 2023 projects in the Financial Plan.

c.) Staff Report – 2022 Health Insurance and HRA VEBA Stipend

Mr. Nelson provided a Staff report to the Board of Commissioners on the 2022 Health Insurance and HRA VEBA Stipend.

Over the years, the Board of Commissioners have provided a VEBA stipend sufficient to provide full health and dental coverage for a family, currently at \$2,240 per month. The District also provides an incentive for employees to not double cover dependents or to opt out, by allowing 75% of the benefit stipend, after paying for medical and dental insurance premiums, to be deposited to an individual Health Retirement Account (HRA VEBA).

The District left Snohomish County's insurance plans several years ago, and after a few years of direct bidding medical and dental providers, the District joined the Washington State Public Employer Benefit (WA PEBB) Program. Under PEBB, vision insurance is now included with medical insurance. The District separately bids out Dental, Life, LTD and AD&D insurance through Gallagher.

The Board of Commissioners annually reviews insurance proposals, both in terms of costs and coverage levels, and the monthly MVEBA stipend. At the October 28, 2021 meeting, the Board reviewed the 2022 Salary and Wage Report which outlined the changes in medical, dental, and vision rates. Staff provided an attachment that outlined the changes to the medical and dental rates between 2021 and 2022. WA PEBB has a slight increase. Delta Dental is not offering the PPO Plan for 2022, but their next plan is close in coverage at a slightly lower rate.

Mr. Nelson outlined to the Board based on the new rates, full family coverage is \$24.70 more than the current monthly HRA VEBA stipend of \$2,240. Two options for increasing the stipend were outlined in the 2022 Salary and Wage Report. The costs of increasing the monthly stipend by \$35.00 per month, to \$2,275 per month, would be \$11,025 annually for all covered employees and the two proposed new positions. The costs of increasing the monthly stipend by \$25.00 per month, to \$2,265 per month, would be \$7,825 annually for all covered employees and the two proposed new positions.

The Board discussed the 2022 medical, dental, and HRA VEBA stipend, and provided direction to staff to prepare a resolution for the next Board meeting increasing the Stipend by \$25.00 per month.

5.) CAPITAL IMPROVEMENT PROJECTS:

a.) Staff Report – Reservoir No. 3 Lot Subdivision

Mr. Smith provided a verbal summary to the Board of Commissioners on a Staff report and site map regarding Reservoir No. 3 Lot Subdivision.

The District's Reservoir No. 3 sits on one parcel located at 2305 100th Street SE in Everett. The property had been subdivided in 1977, but then recombined into one parcel in 1988 with permission of the District as confirmed by the Snohomish County Assessor's Office. The northern portion of the existing lot is not utilized by the District and has no future planned use but could likely be developed into at least two large building lots.

On September 9, 2021, the Board authorized staff to proceed with subdividing the existing single lot into separate parcels, with the intent of going through a surplus process for the new northern lot. Staff attended a virtual Pre-application Meeting with the City of Everett's Planning and Development Department on October 19, 2021, to discuss the required short plat process.

In the meeting it was discovered that the City does not have a process to just segregate the lots on paper but would require the District to go through the full short plat development process. This would include constructing frontage improvements along all sides, include ADA ramp upgrades at the corner of 100th Street SE, stubbing utilities for future building lots, a drainage and traffic analysis, grading plans, etc.

This amount of work was not anticipated and is beyond the original intent of the lot segregation. Staff recommended to defer the lot segregation plan for Reservoir No. 3 for the immediate future. The subdivision can be revisited, if the City changes their process to allow for a lot separation only without the associated site improvement work, or if a developer approaches the District and would take the lead on the short plat process to purchase the new lots.

The Board of Commissioners discussed the potential lot subdivision action for Reservoir No. 3 and concurred with the staff recommendation to defer any further action.

b.) Staff Report – Lift Station No. 2 Evaluation

Mr. Smith provided a Staff report to the Board of Commissioners regarding the Lift Station No. 2 Evaluation.

Lift Station No. 2 is a critical sewer facility for the District and our largest lift station with a capacity of 3,200 gpm. The current station was constructed in 2005 and is located at the base of a steep slope just west of the intersection of 51st Avenue SE and 116th Street SE. During construction, in the winter of 2005, there was a small landslide above the lift station, which was repaired with a large rock buttress at the toe of the slope.

As part of the landslide repair, a small drainage system was installed along the base of the rock wall and has been modified by the maintenance crews over the years. However, the drainage system is no longer functioning properly and causes minor surface flooding each year at the lift station site. In addition, there is a large amount of water that flows year-round out of the slope through the rock wall. District maintenance staff have requested a repair of the drainage system to eliminate the surface flooding, as well as an evaluation of the slope to ensure there are no long-term stability issues.

On August 12, 2021, the Board approved an On-call Engineering Contract with KPG using a task order format. After a site visit and discussions with staff, KPG prepared a scope of work and associated fee to evaluate the stability of the slope above Lift Station No. 2, as well as the drainage issues at the base of the rock wall. Based on their recommendations, additional design work and a potential small works project may be needed to address any identified issues.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved the proposed Scope and Fee in the amount of \$35,109 from KPG under their existing On-call Engineering Contract for an evaluation of the slope stability and drainage conditions at Lift Station No. 2.

c.) PowerPoint Presentation – Project Approvals, Cost Estimates, and Budgets

Mr. Brees provided a PowerPoint Presentation regarding Project Approvals, Cost Estimates, and Budgets. The presentation outlined for the Board, the various approval processes that are followed by staff for major capital projects, small capital projects, large purchases, professional service agreements, and service agreements. Mr. Brees highlighted the Board's role at various milestones for approval and how terms such as project estimates or project budgets are applied.

6.) MAINTENANCE & OPERATIONS REPORTS:

a.) PowerPoint Presentation – Lift Station Improvements

Mr. Busch and Mr. Brees provided a PowerPoint Presentation on Lift Station Improvements. The presentation highlighted several efforts undertaken by staff to improve the security or reliability of the District's infrastructure.

Mr. Busch reviewed how Vulnerability scanning has been implemented and that staff is working to address the items identified including, firmware upgrades to the firewalls, and programmable logic controllers. Mr. Busch summarized some of the planned improvements for 2022 including, upgrading locks, installing intrusion alarms, and installing more security cameras.

Mr. Brees summarized two improvements that have been made at the District's lift stations by the Operations and Maintenance team. One improvement is the installation of radars to measure wet well levels and activate station pumps. The radars offer advantages over the current controls in that they are more reliable and flexible. The radar sensors have been installed at seven of the lift stations.

The second improvement project is the installation of emergency backup generator connections. While all the District's lift stations have a permanent standby generators and automatic transfer switches, like the utility power, these can fail when you need them even when properly maintained and inspected. The District's Electrician, Sean Peterson, has developed a safe program to quickly connect a trailer mounted portable generator in the event of a failure of a permanent standby generator. Some of the photos presented in the slide show depicted the keyed interlock, color coded cables, and connection points, and the training that has occurred for the District's staff.

7.) INTERAGENCY REPORTS:

a.) Update – 2021 Snohomish County Comprehensive Plan

Mr. Brees provided an update to the Board of Commissioners regarding the 2021 Snohomish County Comprehensive Plan.

The County's Comprehensive Plans were last updated in 2015. In this update, it appears that the County will consider changes to projected growth in the County and the District's service area. Three alternatives are being presented. One is the base line current growth forecast, the second is increased density in existing urban areas (most of the District is in the Urban Growth Area, UGA), and the third is potential expansions to the UGA and increased density in existing areas. The District's current comprehensive plan is based on the first alternative. The update is planned for completion in 2022.

Mr. Brees also noted that the second large regional planning efforts is beginning, for the extension of light rail from Lynnwood to Everett by Sound Transit.

Mr. Brees indicated he had forwarded emails received by the District to the Commissioners regarding both projects with additional information and opportunities to participate in the planning and provide public comment.

8.) STAFF REPORTS:

a.) District Engineer:

Mr. Smith reported that Bids were opened today for the Thomas Lake Lift Station project, and pending review of the bids will be brought forward for approval at the next meeting.

b.) Finance Manager:

Mr. Nelson shared the new CPI numbers that were published today. The CPI-W that the District uses as an inflationary index for employee wages is 6.3%. This was slightly higher than expected.

Mr. Nelson also provided an update on the new installment contracts that have been created for customers that incurred significant arrearages during the shut off moratorium. The outreach regarding the plans has prompted some customers to pay or reach out for assistance that is available through other agencies.

c.) **Technical Services Manager:**

No further report.

d.) **Attorney:**

No further report.

e.) **General Manager:**

Mr. Brees reported that the new OSHA standard (vaccinate or test against Covid-19) for private business with more than a hundred employees has been published, while it is not directly applicable to the District, it sets a timeline for the State of Washington either to adopt the same rule or one that is more stringent. It is possible that the State rule will be applicable to the District and its workforce. Mr. Brees noted that the appropriate time to review the District's policies is after this is issued.

Mr. Brees also reported that there have been a few recent cases of employees testing positive for Covid-19.

This ends the Minutes of the November 10, 2021 Special 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

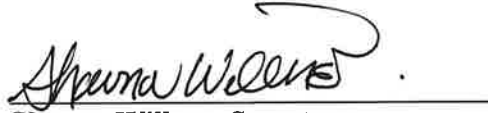
I, the undersigned, Secretary of the Board Commissioners of Silver Lake Water and Sewer District, Snohomish County, Washington (the "District"), hereby certify as follows:

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 November 10, 2021 Special 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 November 23, 2021 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 23rd day of November 2021.

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


Shauna Willner, Secretary