

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

November 23, 2021

The special meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on November 23, 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, Finance Manager Brad Nelson, and Shelley Stevens Notary Public. Attending virtually was District Engineer Scott Smith, O&M Manager Ron Berger, 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.) Oath of Office**

Mr. Warner took the Oath of Office and was sworn in as Commissioner, Position No. 2, by Shelley Stevens (Notary Public), for the Silver Lake Water and Sewer District.

**3.) APPROVAL OF MINUTES:**

The Minutes of the special meeting of November 10, 2021 were unanimously approved as circulated.

**4.) PUBLIC COMMENT:**

No members of the public participated in the teleconference.

**5.) FINANCIAL MATTERS:**

**a.) 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. 17419 – 17472) in the amount of \$939,383.54; Revolving Fund Checks (Check No. 8214 – 8233) in the amount of \$6,423.22, were unanimously approved and signed as follows:

<b>Fund</b>	<b>Amount</b>
Water Maintenance	\$70,676.70
Water Capital Improvement	5,731.94
Sewer Maintenance	840,340.92
Sewer Capital Improvement	22,633.98
Revolving Check Fund	6,423.22
<b>Total</b>	<b>\$945,806.76</b>

**b.) Staff Report – 2022 HRA VEBA Stipend & Resolution No. 818**

Mr. Nelson provided a verbal summary to the Board of Commissioners on a Staff report regarding the 2022 HRA VEBA Stipend and Resolution No. 818.

The District currently provides all covered employees and Board of Commissioners a monthly benefit stipend currently at \$2,240 per month to cover the costs of medical, dental, and vision insurance with 75% of any remaining monthly benefit stipend deposited to an individual Health Retirement Account (HRA VEBA). The Board of Commissioners annually reviews insurance proposals, both in terms of costs and coverage levels, and the monthly MVEBA stipend.

The Board discussed the increased costs of medical, dental, and vision insurance on October 28, 2021 and November 10, 2021, and directed staff to prepare a resolution increasing the monthly benefit stipend by \$25.00. Staff provided a Table that outlined the historical monthly stipend amount from 2010 to 2021; a Table of the historical medical, dental, vision, and MVEBA costs; a Table of the change of medical, dental, and insurance rates from 2021 to 2022; and Resolution No. 818. Since December's payroll checks generate the payments for insurance coverages starting January 1, 2022, the resolution goes into effect with the December 2021 payroll.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners adopted Resolution No. 818, amending Chapter 3.23.010, entitled "Health Insurance" of the District Code.

**c.) Staff Report – 2022 Forecasted Rates – Commodity Water and Sewer Costs**

Mr. Nelson provided a Staff report to the Board of Commissioners on the 2022 Forecasted Rates – Commodity Water and Sewer costs.

The District's largest expense is to purchase water and to provide sewer treatment services for customers. The District purchases water directly and indirectly from the City of Everett. Sewer treatment services are provided by the City of Everett and King County through the Alderwood Water & Wastewater District (AWWD).

In 2020, the District spent over \$11.3 million to purchase water and pay for sewer treatment services. Currently, through October 2021, the District has spent over \$9.2 million for the same services. However, this number is not reflective of total costs, since some of the service providers are behind in their billings to the District. For 2021, we expect to pay \$11.5 million for purchased water and sewer services. Since the District's costs and our customer's water and sewer rates are highly dependent on these contracted service rates, this report provides a forecast over the next five years.

Staff included Tables for each contracted water and sewer service that outlined the 2021 rate and forecasted rates to 2026. In addition, in the appendix section, there were also Tables that outlined each contracted water and sewer historical rates from 2012, and the forecasted rates to 2025.

Overall, the District anticipates the Net Water Rate to increase approximately \$.0561 per unit to \$1.2307 per blended water unit in 2022, depending on how much water is purchased directly from the City of Everett and AWWD. A Table was provided that presented the Historical and Forecasted Blended Water Rates from 2021 to 2022. An overview Table of the contracted water rate increases between 2022 and 2026 for CWSA, AWWD, and the City of Everett was provided. Overall, staff expects per-unit water rates to increase at an annualized rate of 2.55%, with an annualized increase in consumption of 1.45% over the next five years.

The District purchases sewer treatment services from the City of Everett and AWWD. The District has created two sewer basins to allocate the respective sewer treatment costs to customers. There are approximately 14,891 sewer customers including 685 Cross Valley customers, in the Everett Treatment Basin. There are approximately 2,458 sewer customers in the AWWD Basin. Commercial and multifamily customer connections are converted to Equivalent Residential Units (ERU) for the purposes of being charged by both agencies.

Both sewer rates are determined by long-term contract. Not included within the City of Everett's Sewer Treatment Rate, is the District's share of capital projects at their sewer treatment plant. City of Everett Treatment Plant Capacity Capital Projects are billed separately to the District. The District funds the Treatment Plant Capacity Capital Projects with a General Facility Charge (GFC) revenue and with the proceeds of a Public Works Trust Fund Loan.

A Table was provided that outlined the City of Everett's Historical and Forecasted Sewer Rate. The City of Everett has estimated their 2022 Sewer Rate to be \$54.61, which is an increase of \$1.22 or 2.29%. The City is also forecasting the District's rate to increase \$.17 in 2022. Staff noted they are a little apprehensive about the City's estimate given the challenges where the previous two years estimates were inaccurate. By 2026, the District's Treatment Rate is forecasted to be \$68.28, before adjustments related to new nutrient discharge rules being implemented by the Department of Ecology.

The Contracted Sewer Rate in the AWWD Sewer Basin is 5% of the AWWD Sewer Rate and 100% of the King County Metro Sewer rate. In 2021, King County Metro adopted a new Sewer Ordinance that slowed their sewer rate increase with the next scheduled increase in 2022 to \$49.27 per month. The AWWD Sewer Rate is also expected to increase in 2021 to \$72.19 per month. The net AWWD Sewer Rate to the District will increase to \$52.88 or \$2.06 per month.

A Table was provided that outlined the Forecasted Sewer Rates for the City of Everett and the AWWD. The District anticipates the City of Everett Contracted Sewer Rate will increase an annualized 3.82% over the next five years, with the customer ERU's increase being just under .26% per year. Overall, staff expects the City of Everett's Sewer Rate to increase from its present \$43.13 to \$54.14 per ERU by 2026. Staff anticipates the AWWD Sewer Rate to increase an annualized 3.53%, with the customer ERU's increasing just under 1% per year. Overall, staff expects the AWWD Sewer Rate to increase from \$50.82 to \$62.16 per ERU by 2026.

Staff anticipates a “Pass-through” Water Rate for 2021 of \$.05 per water unit for all water customers. It’s anticipated the 2022 Everett Sewer Basin Rate increase to be \$.15 per ERU. Staff anticipates the 2022 Alderwood Sewer Basin Rate increase to be \$.05 per ERU. In addition, the General Manager recommended an annual inflation index adjustment to the rates, which have been reflected with the 6.325% Oct-Oct CPI-W for the Seattle-Tacoma MSA. A Table was provided that outlined the respective adjustments. Staff noted that these are preliminary rates, which might require a more significant adjustment based on the final cost estimates based on increased services and capital projects.

**6.) CAPITAL IMPROVEMENT PROJECTS:**

**a.) Staff Report – Thomas Lake Lift Station Bid Award - G&O Construction Support Contract & Resolution No. 819**

Mr. Smith provided a verbal summary to the Board of Commissioners on a Staff report regarding the Thomas Lake Lift Station Bid Award, G&O Construction Support Contract, and Resolution No. 819.

On July 23, 2020, the Board approved a scope and fee in the amount of \$96,000 with Gray & Osborne (G&O) for the pre-design/scoping work on the Thomas Lake Lift Station Replacement project. After a presentation of the pre-design results and a preliminary site plan, a full design scope and fee were approved on February 25, 2021, in the amount of \$159,100.

The scope of the project is to replace the existing lift station with a new facility consisting of a new wet well and three submersible pumps resulting in an increased capacity of 1,200 gpm, along with a new meter/valve vault, a new generator and fuel tank, and an enclosed electrical building. The existing wet well would be kept onsite and converted to additional storage capacity. A new rock catch manhole would be installed outside the lift station fence, and 20 feet of the adjacent public right-of-way would be paved per the MOU with the City of Mill Creek that was approved on February 11, 2021.

The construction project was advertised for bids for three weeks in October, four addenda were issued, and bids were opened on November 9, 2021. Six bids were received, two hard copy and four electronic, and a virtual bid opening was held via Teams. The lowest submitted bid was from McClure and Sons, Inc. (MSI) based in Mill Creek, in the amount of \$2,476,323.79. The design engineer’s estimate was \$2,186,905.50, and bid results were provided.

MSI is a known experienced utility contractor and was the contractor on the District’s recent Waldenwood Lift Station Replacement Project. They have also done similar work for Mukilteo Water and Wastewater District, as well as several other local agencies. MSI meets all the State verification requirements, and has the experience, personnel, and equipment needed to perform the contract work. Staff recommended that MSI be awarded the construction contract for the Thomas Lake Lift Station Replacement Project as the lowest responsive and responsible bidder.

In addition, staff proposed that G&O continue their involvement in the project by providing construction management services. District staff will perform the day-to-day field inspection work on this project. A scope and fee for construction management from G&O in the amount of \$146,400 was provided. A separate but standard District consultant contract will be used for the construction management work, instead of utilizing the G&O on-call engineering contract.

In accordance with the Project Approval process that was presented to the Board on November 10, 2021, the award of the construction contract is also the timeframe to approve a formal budget for the project.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners adopted Resolution No. 819, to award the construction contract to McClure and Sons, Inc., in the amount of \$2,476,323.79, for the Thomas Lake Lift Station Replacement Project.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved the proposed Scope and Fee in the amount of \$146,400 from G&O for construction management for the Thomas Lake Lift Station Replacement Project.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved the proposed project budget for the Thomas Lake Lift Station Replacement Project.

7.) **STAFF REPORTS:**

a.) **District Engineer:**

No further report.

b.) **Finance Manager:**

No further report.

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

Mr. Berger provided an update and shared photos of a recent water main break and the subsequent repair by District crews. The location of the break was 35<sup>th</sup> Avenue SE, just South of 116<sup>th</sup> Street SE. The break was a full circle break on a 6" Cast Iron main that was likely installed in the 1960s. Repairs were completed within a few hours of notification. The required restoration of the Right-of-Way will be minimal, as the location was adjacent to the work of a Developer.

d.) **Technical Services Manager:**

No further report.

e.) **Attorney:**

Mr. Linton commented that based on his recent work with other Districts, that the bids from public works contractors have been increasing and so have the associated change order requests. This may be an indicator of the supply chain issues and rising costs.

**f.) General Manager:**

Mr. Brees reported that at a recent WASWD meeting, there was a discussion regarding West Water vs. L&I. This is a dispute between a public works contractor and L&I regarding the appropriate prevailing wage rate for labor on ductile iron water pipe. L&I has taken a new position that all work on pressurized water pipe is to be performed by plumbers, which will substantially increase the cost of public work on public water systems. WASWD may formally seek to join the dispute in addition to other groups such as the WUCC.

Mr. Brees provided an update on the new OSHA that is currently being challenged in the federal court system. It was recently reported that Governor Inslee does not intend to adopt a stricter standard than the one adopted by OSHA. There was considerable speculation that a stricter standard would be established for the State of Washington. Based on this reporting, Mr. Brees recommended holding off on any changes to the District's policies for current employee related to mandatory vaccinations or testing requirements.

The General Manager requested an Executive Session to discuss matters pursuant to RCW 42.30.110 (1) (g) regarding Performance Reviews of Public Employees. A motion was made, seconded, and unanimously approved by the Board of Commissioners to convene to an Executive Session to discuss this matter. Before convening to the Executive Session at 6:00 p.m., President Backstrom advised that the Executive Session would be concluded at 6:25 p.m. The Commissioners and the General Manager then attended the Executive Session. The Executive Session concluded at 6:25 p.m. and the open public meeting reconvened.

**This ends the Minutes of the November 23, 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 23, 2021 special 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 December 9, 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 9th day of December 2021.

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

  
Shauna Willner, Secretary