

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

December 23, 2021

The special meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on December 23, 2021, beginning at 1 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, District Engineer Scott Smith, O&M Manager Ron Berger, and Technical Services Manager James Busch. Attending virtually was Finance Manager Brad Nelson, 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 1:00 p.m.

**2.) APPROVAL OF MINUTES:**

The Minutes of the regular meeting of December 9, 2021 were unanimously approved as circulated.

**3.) PUBLIC COMMENT:**

No members of the public participated in the teleconference, those in attendance did not wish to speak.

**4.) 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. 17534 – 17592) in the amount of \$1,063,942.15; Revolving Fund Checks (Check No. 8247 – 8295) in the amount of \$72,640.01, were unanimously approved and signed as follows:

<b>Fund</b>	<b>Amount</b>
Water Maintenance	\$121,670.78
Water Capital Improvement	44,947.60
Sewer Maintenance	854,458.61
Sewer Capital Improvement	42,865.16
Revolving Check Fund	72,640.01
<b>Total</b>	<b>\$1,136,582.16</b>

**b.) Staff Report – 2022 Utility Rate Forecast**

Mr. Nelson provided a verbal summary to the Board of Commissioners on a Staff report regarding the 2022 Fiscal Plan.

The Silver Lake Water and Sewer District (District) establishes their financial priorities by the adoption of the ten-year Water and Sewer Comprehensive Plans. District staff provided the Board of Commissioners with Annual Fiscal Planning Reports related to labor, contract water and sewer rates, equipment replacement needs, and associated costs. The Board of Commissioners then provided direction to the General Manager for the development of the Utility Rate Forecast. The 2022 Utility Rate Forecast was provided to the Board of Commissioners.

Staff anticipates a Pass-through Water Rate adjustment of \$.05 per water unit, a \$.15 per ERU pass-through for customers in the Everett Sewer Basin, and a \$2.05 per ERU pass-through for customers in the AWWD Sewer Basin. The General Manager also recommended an Inflation-based Rate adjustment on all other District costs. A Table was provided that outlined the respective District portion rate adjustment and the forecasted 2022 Water and Sewer rates.

The District will start receiving rate adjustment notifications in January 2022, with the AWWD Sewer Treatment Rate and the City of Everett's Wholesale Water Rate adjustment. In February, we expect the AWWD Wholesale Water and the Clearview Water Supply Rate adjustments, with the City of Everett's Sewer Rate notice expected in March, effective in May. Staff noted that the City of Everett has not contacted the District in response to the 2019/2020 rate dispute which entails both a capital project cost and the corresponding sewer treatment rate for expenses related to the interfund transfer of a property where Everett intends to dispose of biosolids. Typically, the Board reviews all the rate adjustments in April, with any approved rate adjustment effective May 1<sup>st</sup>. No action is required at the current time. The report is a forecast for the coming year.

Based on current assumptions, the District's 2022 Forecasted Operating Statement is forecasted to provide \$37,232,062 of total revenues, with \$22,233,405 of operating expenses, and \$3,720,000 in depreciation. Staff anticipates the District's New Connection Revenues to increase by \$813,226, based on the new sewer General Facility Charges and no County related development revenues being received until 2023 or beyond.

Overall, 2022 Net Income, before Depreciation and new connection revenues, would be estimated to be around \$7,024,626. If the District had outstanding revenue bonds, the operating revenues would be sufficient to meet a typical bond coverage requirement. A Table was provided to the Board that outlined the historic and forecasted financial results of the District.

Following discussion, the Board of Commissioners thanked Mr. Nelson for the report.

**c.) Staff Report – 2022 Salary and Wages and Resolution No. 820**

Mr. Nelson provided a Staff report to the Board of Commissioners on the 2022 Salary and Wages and Resolution No. 820.

The Board of Commissioners establish a District Salary and Wage Table and other basic employee payments annually, by resolution. On December 10, 2020, the Board of

Commissioners adopted Resolution No. 803 which approved District Salary and Wages for 2021.

On October 28, 2021, the Board of Commissioners discussed the 2022 Salary and Wage Report and directed staff to prepare a resolution to increase the monthly benefit stipend by \$25.00 to address the increased cost of medical coverage, add two new positions, approve a new classification for Buildings and Grounds Maintenance Worker II, and the 2021 cost of living adjustment (COLA) which is based on the October to October CPI-W for the Seattle-Tacoma MSA.

On November 23, 2021, the Board of Commissioners adopted Resolution No. 818, which increased the monthly benefit stipend to \$2,265 per month. Since the medical insurance rates are reflected in the December payroll, the effective date to the benefit stipend change is for the December 2021 payroll.

On November 23, 2021, the General Manager recommended merit adjustments for individual employees within their respective pay ranges. The October 2020 - October 2021 CPI-W for the Seattle Metropolitan area is 6.325%. The CPI was applied both to the 2022 Salary Table and individual employee's wages.

The job descriptions for the Engineering Associate and the Building and Grounds Maintenance Worker II were provided to the Board of Commissioners. The District was able to find only six comparable positions for the Engineering Associate, but they had a close standard deviation slightly ranging between 2.5% to 5.6%. Staff provided the Engineering Associate comparisons to the Board. There was only one comparable salary range, Alderwood Water & Wastewater District, for the Building and Grounds Maintenance Worker II. Staff recommended setting this position's salary at the range in a relationship that mirrors the relationship between a Maintenance Worker I and Maintenance Worker II.

Resolution No. 820 also provided the Operations & Maintenance Manager with a \$300.00 vehicle allowance. Historically, the Operations & Maintenance Manager has been assigned a specially outfitted utility truck (take home vehicle) that allowed him to respond to service calls and emergencies at all hours. Staff recommended that he discontinue use of the specially outfitted utility truck and authorized the reimbursement for use of his personal vehicle for District business.

A Table was provided that reflects the forecasted total salary and benefit costs based on the General Manager's salary recommendation, the CPI-W adjustment, and the other changes outlined in the 2022 Salary and Wage Report. The total forecasted increased labor costs for all changes are \$595,429, with \$570,326 attributable to regular full-time employees. The proposed 2022 Salary Ranges was provided.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved Resolution No. 820, amending Chapter 3.13, entitled "Employee Classifications and Salary Ranges", of the District Code.

**d.) Staff Report – Juneteenth – Amend Chapter 3.15 of SLWSD Code & Resolution No. 821**

Mr. Nelson provided a Staff report to the Board of Commissioners on the 2022 District Holidays and Resolution No. 821, modifying Chapter 3.15 of the District Code.

On December 9, 2021, the Board of Commissioners discussed the District's current holiday schedule of ten scheduled holidays and three floating holidays and whether to create a scheduled holiday for June 19<sup>th</sup>. June 19<sup>th</sup>, or Juneteenth, is an important date in Black history, it marks the date back in 1865 when news of the emancipation finally reached Galveston, TX and those who were still enslaved were finally set free, ending slavery in America.

The Board of Commissioners directed staff to return with a resolution that converted one of the floating holidays to a scheduled holiday for June 19<sup>th</sup>. Attached was Resolution No. 821. Since the Board is converting a floating holiday to a scheduled holiday, there is no change in costs to the District.

The Board of Commissioners also reviewed and discussed the 2022 Calendar of Meetings.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved Resolution No. 821, amending Chapter 3.15, entitled "Vacation, Holidays, and Leave", of the District Code.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved the District's calendar of meetings for 2022.

**5.) DEVELOPMENT PROJECTS:**

**a.) Staff Report – 4<sup>th</sup> Quarter Bills of Sale**

Mr. Smith provided a Staff report to the Board of Commissioners regarding the 4<sup>th</sup> Quarter Bills of Sale.

The Bill of Sale on a Developer Extension (DE) project is the legal mechanism used to transfer ownership of the utility infrastructure from the Developer to the District.

Past practice has been for the Board to accept the Bills of Sale, cumulatively, at the end of each quarter, and two DE projects were completed in the 4<sup>th</sup> Quarter of 2021.

The projects have completed construction and the District is in receipt of the respective Bills of Sale. A summary spreadsheet was provided to the Board that identifies the infrastructure value on each project in the 4<sup>th</sup> Quarter of 2021. Staff requested the Board of Commissioners acknowledge acceptance of the Bills of Sale for:

- Bertrand Short Plat – Seven lot plat on the north side of 96<sup>th</sup> Street SE, just east of 27<sup>th</sup> Avenue SE

- Calcutta Lane – Nine lot plat on the north side of 132<sup>nd</sup> Street, east of 25<sup>th</sup> Avenue SE

The value of the developer contributed facilities received by the District in the 4<sup>th</sup> Quarter of 2021 is \$401,381.28, with a total value for 2021 of \$2,193,674.38.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners accepted the Bills of Sale for the 4<sup>th</sup> Quarter of 2021.

**6.) CAPITAL IMPROVEMENT PROJECTS:**

**a.) Staff Report – 4<sup>th</sup> Quarter CIP Update**

Mr. Smith provided a verbal summary to the Board of Commissioners on a Staff report regarding the 4<sup>th</sup> Quarter CIP update.

The planned future projects in the District's Capital Improvement Plan (CIP) are listed in Chapter 8 in both the Water and Wastewater Comprehensive Plans. CIP projects are also included in the Annual Financial Plan. The Board has approved several contracts with various consultants, contractors, and vendors, and work is ongoing on most projects.

A quarterly CIP update was requested by the Board in 2020. An updated Status Matrix for active projects in the 4<sup>th</sup> Quarter of 2021 was provided to the Board of Commissioners. The Status Matrix also included Developer Participation Projects, where the developer is essentially completing a CIP Project for the District during DE construction.

During the Board meeting of December 23, 2021, staff provided a summary of active projects. In the discussion with the Board, Mr. Smith highlighted updates regarding the Pioneer Trails Lift Station Replacement and the Windsong Lift Station Abandonment projects.

**b.) Staff Report – Design of 43<sup>rd</sup> Ave. SE Water Main Relocation – Consultant Contract**

Mr. Smith provided a Staff report to the Board of Commissioners regarding the Design of 43<sup>rd</sup> Avenue SE Water Main Relocation – Consultant Contract.

Snohomish County is in the design process for a major roadway project along the 43<sup>rd</sup> Avenue SE/Sunset Road corridor between SR 524 and 180<sup>th</sup> Street SE. The project would complete some missing links on the planned roadway system and upgrade existing segments to current design standards. A graph was provided to the Board. The design work is currently at the 90% level, and utility coordination meetings have been ongoing since September 2020, but construction is not scheduled until 2023.

There are two locations on Sunset Road near 180<sup>th</sup> Street SE where the design for new County roadway/storm drainage improvements conflict with an existing District 12-inch water main, a Utility Map was provided to the Board. In accordance with existing Franchise Agreement with Snohomish County, the District is responsible to relocate the water main for the County roadway project. Luckily, these sections of water main will be able to be shut down at each end, with little to no loss of service to customers.

There are two options for the relocation work, either with a typical District design/bid/build project, which must be completed before December 2022, or partner with the County through an Interlocal Agreement (ILA) to have the relocation work done during construction of the roadway project. Staff recommended contracting directly with the County design consultant, Jacobs Engineering Group, for the design of the relocation work, and then execute a future ILA with the County for the construction.

This should be a more cost-effective and time-efficient method to complete the relocation work, and District staff may not have the bandwidth to manage yet another separate construction project during 2022. Contracting with Jacobs Engineering Group directly will also help mitigate the risk of conflicts with other utilities, such as fiber optic and natural gas, and ensure the water main is relocated to the correct alignment.

The estimated cost of the design work for the water main relocation with Jacobs Engineering Group is not-to-exceed \$49,980. Staff and the design consultant are confident the work can be completed for less than that amount, but also allowing for the contingency of unknown future design conflicts with other utilities.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners authorized the General Manager to execute a standard consultant contract with Jacobs Engineering Group for design of the District's water main relocation work.

**7.) MAINTENANCE & OPERATIONS REPORTS:**

**a.) Staff Report – 116<sup>th</sup> Street Water Main Break**

Mr. Berger provided a PowerPoint Presentation to the Board of Commissioners regarding the 116<sup>th</sup> Street Water Main Break and actions by the District's crews to complete repairs.

**8.) INTERAGENCY REPORTS:**

**a.) Staff Report – EWUC Meeting**

Mr. Brees provided an update to the Board of Commissioners regarding the EWUC meeting.

General Manager Curt Brees and District Engineer Scott Smith attended the Everett Water Utility Committee (EWUC) Meeting, held on December 16, 2021. This meeting was held virtually, due to COVID-19. No Wholesale Sewer Meeting was held. An update of the Billing Summary was provided in lieu of the meeting.

The EWUC Meeting topics included: updates from the Department of Health, status of the Water Conservation Program, an overview of the Water Supply Situation, and updates on Everett Capital Projects.

Ms. Jolyn Leslie, Department of Health (DOH), provided an update on DOH staffing. There are two new Regional Engineers that have been hired and assigned to the Northwest Regional Office. The new Engineers are currently in-training and have not been assigned to a county within the region. For the short-term, Ms. Leslie is continuing to serve as a first point of contact for Snohomish County Water Systems. An update was provided on new

Washington State PFAS Rule that will go into effect starting January 2022. Testing will be focused on the water source. In response to questions about the impact of the rule on consecutive systems, Ms. Leslie indicated she would send out additional information via email to the meeting participants.

Ms. Apryl Hynes, City of Everett, provided a report on the Regional Water Conservation Program. Ms. Hynes invited all participants to attend an educational outreach session held in their respective water system. The vendor has only been doing online sessions so far in the school year. She also reported that Leak (dye) Test Kits are available in abundance if anyone would like to have some available for their customers.

Mr. Soheil Nasr, City of Everett, provided a report on the water supply. The reservoir level is above normal for this time of year, noting that the reservoir has already been in an overflow state two times this fall. With full reservoirs and snowpack in the basin, there is at least an 8.5-month supply of water in storage. The Water Situation Fact Sheet and a Water Storage Elevation Graph, showing storage levels in the reservoir, were provided for review.

Mr. Jeff Marrs and Mr. Soheil Nasr, City of Everett, provided updates on a few CIP projects. Everett's Reservoir 2 project is under construction, with expected completion in June of 2023. A project is scheduled to begin on Everett's Reservoir 3 to address some structural concerns.

At the Water Filtration Plant, the design of a major generator replacement project is complete and ready for construction bids. Due to supply chain issues, it is not expected that work will begin until Fall of 2022. Mr. Marrs reviewed the schedule for replacement of Filter Effluent Valves. This work is planned to occur over four nighttime shutdowns spread out in February and March of 2022. During this work, the Filtration Plant will shut down, clear wells will be utilized to supply the transmission pipelines, and demand will be managed by the City and large wholesale partners.

**b.) Staff Report – CWSA Meeting**

Mr. Brees provide a Staff report to the Board of Commissioners regarding the CWSA meeting.

Commissioner John Warner and General Manger Curt Brees attended the Clearview Water Supply Agency (CWSA) Meeting, held on December 15, 2021. The meeting was held virtually via Teams. The meeting agenda included Maintenance and Financial Reports, approval of vouchers, approval of the CWSA budget for 2022 and an update on the long-range facility planning effort.

AWWD Maintenance Superintendent, Joe Skeens, provided an update on the operations of the Clearview Pump Station during the months of October and November. It was reported that there were two callouts for pump faults following power outages in October, there were no call outs for November. Several routine and winter season maintenance tasks were

completed at the site by Alderwood staff and vendors. The pump station has been operating between 7.5 and 8.5 MGD.

AWWD staff member Loretta Smith Kelty provided a brief Financial Report for the months of October and November and reported that overall water consumption for each member agency was consistent with the previous year. The Board was asked to ratify expenditures from the month of October in the amount of \$394,115.74. For the month of November, vouchers totaling \$362,167.52 were presented for approval. The balance of CWSA accounts as of November 30, 2021 totaled \$1,452,603.65. The District's water utilization was 32.60% of the CWSA total for the month of November.

Ashley Rindero, AWWD Finance Director presented the budget for 2022. The total budgeted expenditures for 2022 are \$5,643,589 of which \$4,738,000 is attributed to purchased water. The Board approved the budget via motion unanimously.

A brief verbal report was provided by Paul Richart, AWWD Capital Projects Manager, on the Long-Term Facilitate Plan. At the October meeting, this planning effort was awarded to BHC Consultants and a well-attended site tour was held on December 14<sup>th</sup>.

The next meeting of the CWSA is scheduled for Wednesday, February 16, 2022, at 3:00 p.m.

9.) **STAFF REPORTS:**

a.) **District Engineer:**

No further report.

b.) **Finance Manager:**

Mr. Nelson provided an update to the Board of Commissioners regarding the status of customer delinquencies and planning regarding the first suspension of service due to nonpayment, scheduled for January 5<sup>th</sup>, 2022. The District has extended payment plans to customers with significant arrearages incurred during the moratorium. It has helped customers in obtaining financial assistance that is available, and multiple notices have been sent to all the customers that are delinquent regarding the upcoming deadline for payment to maintain service.

Mr. Nelson reviewed with the Board of Commissioners some recent issues with the calculation of the CWSA bill by AWWD. District staff have requested that the October invoice be reissued, rather than pay the invoice that attributes an additional \$24,000 in expenses to the District that is believed to be in error.

Mr. Nelson provided a summary of the Entrance Conference held earlier in the day with the audit team of the State Auditor's Office. District staff has advocated that the audit team not spend too much time on issues that are not relevant including, review of the District's payments for unemployment claims as a self-insurance fund (when it is not) and Post-Employment Benefits for PEBB (a large obligation on the District's Financial Statement that is not an expense that will ever be realized by the District).



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

No further report.

d.) **Technical Services Manager:**

Mr. Busch provided an update on the Log4J vulnerability and the steps his team is taking to protect the District's IT Network against this high priority threat.

e.) **Attorney:**

No further report.

f.) **General Manager:**

Mr. Brees shared with the Board of Commissioner's a draft template of a policy that would require all newly hired or promoted District employees to be fully vaccinated against COVID-19 as a condition of employment/promotion. Following discussion, the Board requested that the General Manager draft a policy for consideration at the next Board of Commissioner's meeting.

Mr. Brees provided an update on the recent press release issued by the Governor regarding the collection of the payroll tax for the new long term care trust fund (WA Cares Fund).

**This ends the Minutes of the December 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**

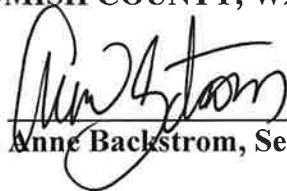
I, the undersigned, Secretary of the Board Commissioners of Silver Lake Water and Sewer District, Snohomish County, Washington (the "District"), hereby certify as follows:

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 December 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 January 13, 2022 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 13<sup>th</sup> day of January 2022.

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

  
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Anne Backstrom, Secretary