

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

January 27, 2022

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on January 27, 2022, beginning at 5:30 p.m. Attending in person were Commissioners Anne Backstrom, John Warner, and Shauna Willner. Also present by in person were General Manager Curt Brees, District Engineer Scott Smith, and Finance Manager Brad Nelson. Attending by video conference were O&M Manager Ron Berger, and Technical Services Manager James Busch; Curtis Chambers 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 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 Warner called the meeting to order at 5:30 p.m.

**2.) APPROVAL OF MINUTES:**

The Minutes of the regular meeting of January 27, 2022 were unanimously approved as circulated.

**3.) PUBLIC COMMENT:**

No members of the public participated in person or by teleconference.

**4.) Financial Matters:**

**a.) Vouchers, and Revolving Fund Check(s) Approval**

Following discussion of various matters, including the vouchers paid by the District, to the District, for utility services at District facilities, Payroll; Vouchers (Check No. 17684 - 17732) in the amount of \$997,153.01; Revolving Fund Checks (Check No. 8337 - 8359) in the amount of \$66,535.24, were unanimously approved and signed as follows:

<b>Fund</b>	<b>Amount</b>
Water Maintenance	\$58,834.95
Water Capital Improvement	687.68
Sewer Maintenance	837,802.49
Sewer Capital Improvement	99,827.89
Revolving Check Fund	66,535.24
<b>Total</b>	<b>\$1,063,688.25</b>

**5.) DEVELOPMENT PROJECTS**

**a.) Staff Report – DE Agreement for Edgewood Estates**

Mr. Smith provided a Staff report to the Board of Commissioners on the DE Agreement for Edgewood Estates.

The proposed Edgewood Estates Development is in the 121<sup>st</sup> block of 25<sup>th</sup> Avenue SE. There are three large existing parcels with single family homes but will become 18 new single-family lots.

Approximately 500 feet of new 8-inch water main will be installed in the roadway on the project. A 15-foot-wide utility easement will be provided between lots 14 – 17 for a potential water main loop with future developments to the south.

The project site is bordered by the offsite sewer main that was installed as part of the Silver Glen Meadows development in 2019. No new sewer manholes or mainline pipes are needed, but individual sewer laterals will be tapped and installed for each lot.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved and executed the DE Agreement for Edgewood Estates.

**b.) Staff Report – DE Agreement for Juniper**

Mr. Smith provided a Staff report to the Board of Commissioners on the DE Agreement for Juniper.

The proposed Juniper Development is located at 4314 148<sup>th</sup> Street SE on the parcel immediately west of the Gold Creek Community Church. The existing parcel has one large single-family home with some wetlands to the south but will become 21 new townhomes.

Approximately 600 feet of new 8-inch water main will be installed with the project and will loop between 148<sup>th</sup> Street SE and an offsite water main in the adjacent church parking lot to provide the required fire flow for the development. All townhome units will need fire sprinkler systems. Mr. Smith reviewed the water service arrangement for one of the buildings that will utilize individual sleeved services in lieu of a dead-end water main. The arrangement is preferred for water quality concerns.

There is an existing sewer easement and manhole in the adjacent church parking lot, which will be the connection point for the new sewer extension. Approximately 375 feet of new 8-inch sewer main and six manholes will be installed for the project.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved and executed the DE Agreement for Edgewood Estates.

**c.) Staff Report – DE Agreement for 11910-Silver Lake Drive**

Mr. Smith provided a Staff report to the Board of Commissioners on the DE Agreement for 11910-Silver Lake Drive.

The septic system is failing at the existing single-family residence at 11910 Silver Lake Drive, and the residents would like to connect to sewer. The triangular parcel is on the District's boundary with the City of Everett, and uniquely has both a Silver Lake sewer main on the west/south side (119<sup>th</sup> Place SE) and an Everett sewer main on the east/north frontage (Silver Lake Drive).

However, neither existing main has a lateral to the property, so a small developer extension is required to add a stub for service. The District's main is much shallower and easier to connect to, and they are an existing District water customer.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved and executed the DE Agreement for 11910-Silver Lake Drive.

**d.) Staff Report – DE Agreement for Spruce Court**

Mr. Smith provided a Staff report to the Board of Commissioners on the DE Agreement for Spruce Court.

The proposed Spruce Court project is located near the intersection of 141<sup>st</sup> Street SE and Seattle Hill Road, immediately behind the recent Kenley Place duplex development. The parcel has an existing commercial building but will become four new duplexes with eight unit's total.

Approximately 230 feet of new water main will be installed from the existing 12-inch pipe in Seattle Hill Road into the proposed private cul-de-sac, with a new fire hydrant and individual meters to each unit. The existing meter service will be removed.

Approximately 200 feet of new 8-inch sewer main and two manholes will be installed, with a shared lateral to serve each duplex building. The new sewer will connect to an existing manhole near the access point on Seattle Hill Road.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved and executed the DE Agreement for Spruce Court.

**6.) CAPITAL IMPROVEMENT PROJECTS**

**a.) Staff Report – 10<sup>th</sup> Drive SE WA/SE Project – Consultant Contract**

Mr. Smith provided a Staff report to the Board of Commissioners regarding the 10<sup>th</sup> Drive SE Water/Sewer Project – Consultant Contract.

On June 24, 2021, the Board authorized District staff to apply for a design loan from the State Public Works Board for the 10<sup>th</sup> Drive SE Water and Sewer Improvement Project. The project will consist of installing approximately 4,700 feet of new 12-inch water main in 10<sup>th</sup> Drive SE between 118<sup>th</sup> Place SE and 131<sup>st</sup> Street SE. This will provide a new distribution backbone between Master Meter 3 and two existing 12-inch water mains to the south. The existing water mains in this area are old cast iron 6 or 4-inch pipe.

In addition, the project will also install approximately 2,100 feet of new sewer main in 10<sup>th</sup> Drive SE between 118<sup>th</sup> Place SE and approximately 125<sup>th</sup> Street SE, to provide service to parcels currently on septic. Typically, this work would be done through a Developer Extension Agreement as properties develop, but a new sewer main would be more cost efficient and less disruptive to install at the same time as the proposed water main. The cost of the new sewer main could be paid directly out of the sewer construction fund and recovered through a new Special Connection Fee as properties connect to the system via the new line.

In August 2021, staff was notified that the application was successful, and the District would be awarded \$450,000 for the project design work. On December 9, 2021, the Board authorized staff to execute a contract with the State Public Works Board to formalize the award of the design loan. Concurrently, staff had begun the process of selecting a consultant for the design work.

A Request for Qualifications (RFQ) for the project design was sent to consultants listed in the MRSC Roster on October 1, 2021. Five responses were received, which were evaluated by District staff. Three consultant firms were chosen for interviews, Gray & Osborne, Murraysmith, and Kimley Horn, which were conducted on December 7 – 8, 2021. All the consultants did well, but Kimley Horn did an exceptional job on both their initial submittal and subsequent interview. Their amount of early reconnaissance and identifying potential design and construction issues put them in a unanimous first place ranking. As one staff member put it, “they gave us answers to problems we didn’t know we had”. Their RFQ submittal was provided for the Board’s information.

Staff proposed to begin work with a preliminary design contract, to identify and help quantify any major site issues before getting into the full project design, as well as prepare a preliminary water and sewer alignment. A scope of work and fee were developed with Kimley Horn, and the main items of work consist of survey, utility coordination, cultural resources assessment, geotechnical investigation, and advancing the project to a 30% design level. The cost of the preliminary 30% design work is \$160,253.00 and should be completed by July 2022. Survey work is already scheduled to begin in the first full week of February.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners authorized the General Manager to execute a Consultant Contract with Kimley Horn, in the amount of \$160,253.00, for preliminary design of the 10<sup>th</sup> Drive SE Water and Sewer Improvement Project.

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

### **a.) Staff Report – CCC Program Costs**

Mr. Busch provided a Staff report to the Board of Commissioners regarding the CCC Program Costs.

To protect drinking water from cross contamination, the Department of Health Drinking Water Regulations require all public water systems to develop and implement Cross Connection Control (CCC) programs. The District’s Program rules are documented in Article 5 of the District’s Specifications and Chapter 6.20.550 of the District Code. One of the principal program requirements is to ensure that the backflow prevention assemblies installed on customer services are tested annually, to verify that they work as designed and prevent potential contamination of the District’s water system.

In 2021, the District updated the software used to administer the program. The update significantly reduced staff time, but licensing costs will be higher going forward. In addition, staff has reviewed program administration responsibilities and costs. Staff

discussed the recurring costs related to operating the CCC Program and reviewed options for recovering some or all of these expenses with the Board of Commissioners.

Identified CCC Program cost recovery options included:

- 1) **Absorb Cost into Normal Operations:** This method spreads the cost of the CCC Program across all District customers. The Program provides benefit to everyone by ensuring safe drinking water.
- 2) **Charge a Fee to Customers with a Backflow Prevention Device:** A monthly or annual fee could be added to accounts that have a backflow prevention assembly. This would focus costs on the customers that generate the most CCC Program-related expenses. This would increase overhead to identify accounts that would need the special charge on their bill.
- 3) **Charge a Non-compliance Fee:** In this scenario, the District would charge fees for customers that fail to have their backflow prevention assemblies tested by their due date. This method would not directly recover a specific dollar amount but would collect some money and incentivize customers to be in compliance.

Additionally, staff researched the CCC programming fees at neighboring agencies and provided this information to the Board of Commissioners.

Following discussion, the Board of Commissioners provided direction to staff to further develop cost recovery options attributable to the software and portal used to administer the program and for non-compliance. The intent of these efforts is not to fully recover the fees but rather to offset new costs and incentivize compliance with the program and reduce staff time spent on noncompliance..

Staff will present the refined cost recovery options to the Board of Commissioners at a future meeting date.

**b.) Staff Report – Badger Meter Agreement**

Mr. Brees provided a Staff report to the Board of Commissioners regarding the Badger Meter Agreement.

The District's water system is fully metered. All the Districts 18,000+ service connections are served by a water meter that is read either on a monthly (Single Family Residential accounts) or bimonthly basis (Commercial and Multifamily Residential accounts). All water service charges include a base and consumption-based charge. For sewer service charges (commercial customer classes) the meter read is also used to bill a consumption-based sewer charge. All Residential accounts are billed a flat sewer rate.

Historically, water meters were read manually, where a District employee would visually read the consumption measured on the dial of the meter and transcribe the value to a meter card, meter book, or tablet device. This was a very labor-intensive process that is still used by some utilities. The District currently uses a Drive-by Radio Read system. This is where

a radio and laptop are installed in a vehicle that drives near the meters communicating via short-range radio transmission to collect the meter reading. These systems are known as Drive-by Automatic Meter Reading (AMR). Drive-by AMR was the cutting-edge technology from about twenty years ago and is still a very labor efficient means to gather the read information.

Approximately ten years ago, several systems that used longer range radios or repeating radios became available, that allowed meters to communicate directly from the individual meter to a receiving station on a more frequent basis. These systems are referred to as Fixed Based Automatic Metering Infrastructure (AMI). These systems are more labor efficient than Drive-by AMR and provided more data to the utility, due to the more frequent meter reads. With this data, a utility gains access to tools such as leak reporting, meter tamper alerts, backflow event reporting, detailed consumption reporting, and on demand remote meter reading. The District evaluated Fixed Based AMI approximately 8-10 years ago and due to the substantial costs and shortcoming of the systems evaluated at the time, elected to retain and maintain the existing Drive-by AMR system.

In the last five years, new cellular fixed based systems have become available that correct the biggest shortcoming of the initial fixed based systems, Reliable Radio transmission. These systems use a cellular transmitter that connects directly to commercial cell phone towers to transmit data. This approach eliminates some of the infrastructure and expense of a Fixed Based AMI system. Several of the traditional manufacturers of these systems have now adopted cellular based systems.

With these new lower cost Fixed Based Systems available and as the District's existing system ages and requires more frequent maintenance do to existing equipment reaching the end of its useful life, it was determined earlier this year that it would be a good time to reevaluate the metering standard that the District will use into the future. With the support of HDR, Inc., the District conducted a Request for Proposal (RFP) process. In an RFP, the District may consider the technical merits in addition to cost, to select the best system for the District's specific needs. The intent is that new meters will be purchased and deployed as equipment fails or with new installations. Existing equipment will be retained and read for as long as the existing equipment is serviceable.

As the services which the District is seeking are technology products, the Legislature has authorized an exemption to competitive bidding requirements (RCW 39.04.270) that allows municipalities to engage in a competitive negotiation process after conducting a Request for Proposal process (RFP).

In April of 2021, the RFP was published on the District's website and public notice was made in the Everett Herald and Seattle Daily Journal of Commerce. Several meter manufacturers responded to the RFP and two respondents were short listed for further evaluation. In August, product demonstrations were conducted with each of the shortlisted respondents to allow for in-depth and hands-on review of the products and systems being offered. Following the product demonstrations, the District's project team came to a unanimous decision, based upon a technical evaluation of the proposals, that Badger Meter

and their distributor, General Pacific, was the preferred respondent to the District's RFP for a new metering system.

Following the selection in September of 2021, the District's team conducted a site visit to meet with Cross Valley Water District personnel. Cross Valley was a reference for the Badger/General Pacific team as they have a fully deployed Badger Cellular AMI System with product support provided by General Pacific. Very positive feedback was provided by the Cross Valley staff, and the District's project team gained valuable insights regarding the system.

Since selection of the Badger Meter/General Pacific proposal, the General Manager has been corresponding with the Badger/General Pacific team to develop agreements to purchase the meters, provide for ongoing cellular data services and use of the web portal, and provide training. There are two agreements. The first is an agreement with General Pacific (Distributor and Product Support) to purchase the metering equipment and support the hardware supplied. The second is an agreement with Badger Meter for use of the web portal and cellular data services, similar to a Software as a Service (SAAS) agreement. The agreement with General Pacific was reviewed and approved by the Board of Commissioners in December 2021. At this time, staff is pleased to report that the agreement with Badger Meter is now ready for final review and approval by the Board of Commissioners.

Under the terms of the agreement, the cost to the District for cellular data, portal access and portal support, (District and its customers) will be \$0.71/month or \$8.52/year per cellular endpoint activated on the system. This pricing will be held through 2025, and the monthly unit price will increase \$0.01/month every year thereafter, during the term of the agreement. This cost escalation factor equates to less than 1.5% per year. Offsetting this new cost are significant savings in the cost to purchase the physical meters, transmitters, and the labor to physically read the meters on a reoccurring basis.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners authorized the General Manager to execute the Agreement with Badger Meter for the web-based portal and data services.

**8.) STAFF REPORTS:**

**a.) District Engineer:**

No further report.

**b.) Finance Manager:**

Mr. Nelson provided a brief status update on each of the Audits that are currently underway (Financial Statement and Accountability Audits). Mr. Nelson also reported on the District's efforts with customer outreach, billing arrangements in regard to the resumption of shut off for non-payment that took place this month. Mr. Nelson reported that customer's that have not made a payment will be sent a Lien Notice as soon as there is the potential for delinquencies that extend back almost two years.

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

Mr. Berger reported that one of the O&M team members has provided their two-weeks notice as they have accepted a position at another utility. The individual had been an employee of the District for approximately four years.

Mr. Berger reported on a scheduled shut down of the Everett Water Filtration Plant. The City has provided substantial notice and coordination and no major impacts to the District's supply are anticipated. The shutdowns are being scheduled to replace valves within the filtration basins at the plant.

d.) **Technical Services Manager:**

No further report.

e.) **Attorney:**

No further report.

f.) **General Manager:**

No further report.

This ends the Minutes of the January 27, 2022, 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

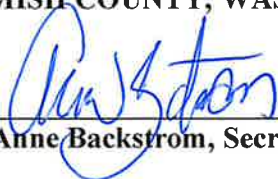
I, the undersigned, Secretary of the Board Commissioners of Silver Lake Water and Sewer District, Snohomish County, Washington (the "District"), hereby certify as follows:

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 January 27, 2022, 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 February 10, 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 10<sup>th</sup> day of February 2022.

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

  
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Anne Backstrom, Secretary