

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

March 24, 2022

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on March 24, 2022, beginning at 5:30 p.m. Attending in person were Commissioners Anne Backstrom, John Warner, and Shauna Willner. Also present in person were General Manager Curt Brees, Finance Manager Brad Nelson, District Engineer Scott Smith, and Technical Services Manager James Busch. Attending by video conference were O&M Manager Ron Berger; 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 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 March 10, 2022, were unanimously approved as circulated.

3.) PUBLIC COMMENT:

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

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, Vouchers (Check No. 17923 - 17975) in the amount of \$950,841.51; Revolving Fund Checks (Check No. 8404 - 8440) in the amount of \$19,299.47, were unanimously approved and signed as follows:

Fund	Amount
Water Maintenance	\$174,287.04
Water Capital Improvement	48,955.48
Sewer Maintenance	706,801.50
Sewer Capital Improvement	20,797.49
Revolving Check Fund	19,299.47
Total	\$970,140.98

b.) Staff Report – Low Income Senior/Disabled Rate Program

Mr. Nelson provided a Staff report to the Board of Commissioners on the Low-Income Senior and Disabled Rate Program.

The Silver Lake Water and Sewer District provides low-income senior and disabled customers a lower base rate for water and/or sewer services. The age requirement is 61

years or older. The disability requirement is a permanent disability as evidenced by a payment by Social Security disability, veteran disability compensation, non-grant medical assistance, permanent state disability, or private insurance disability payment. The income threshold is currently a gross income of \$55,743 per household and follows Snohomish County's low-income property tax and Federal low-income threshold for property tax exemption "C" or lower. The District requires all adults in the household to provide income information verified by either Federal tax return, IRS letter (applicable to very low-income persons that don't have to file taxes) or their Snohomish County property tax exemption (Seniors). Currently, the District does not require an annual recertification, which would be very labor intensive.

At the end of February, the District received an application from a customer where the disabled person in the household was a minor child and the household's income met the low-income threshold. While staff declined to approve the application, as it was inconsistent with the current authorization, it was brought to the Board of Commissioners to discuss expanding the disabled definition to include disabled minor children.

Historically, the District's Low-income Programs focused on the adult wage earners to determine eligibility, both for age and disability status. The basis for this is that the adult household member is responsible for the bill and their age/disability status limits their ability to increase their incomes. However, a disabled minor child in a household can significantly impact a family's income.

Staff recommended the expansion of the program to include minor children of the property owner or renter who qualify under the District's current definitions of a permanent disability.

The Board of Commissioners discussed and concurred with the staff recommendation to expand the program with respect to the definition of qualifying members of the household with disabilities, to include dependent disabled minor children provided that income limits for the household are met. Staff will return with a new resolution at an upcoming meeting to amend the program to include this change to expanded program eligibility.

Mr. Nelson also reviewed a recent complaint about the District's income verification requirement, specifically the requirement for a letter of non-tax filing status, T-4605, to document individuals that do not file a tax return to the IRS. Mr. Nelson reviewed why this important income verification step is required and how with a couple of recent examples, applicants were able to easily obtain this documentation.

c.) Staff Report – 2022 Pass-through Rates

Mr. Nelson provided a Staff report to the Board of Commissioners on the 2022 Pass-through Rates.

The District contracts with Alderwood Water and Wastewater District (AWWD) and the City of Everett for water and sewer services. The contracts for service with both agencies allow annual rate increases. The respective water and sewer rate increases happen from January to April each year, depending on the contract terms, and the District has a practice

to pass through these changes once they are all known, typically effective May 1st of each year. For 2022, the General Manager also recommended that the annual rate increase includes an inflation factor for the District's portion of the rate. A Table was provided to the Board of Commissioners regarding the forecast that was provided to the Board of Commissioners on December 23, 2022.

The City of Everett provided notice to the District of the 2022 Sewer Rate Increase of \$.28 per unit on March 11, 2022. The District also received a corrected 2021 detailed Trial Balance of Expenses on March 22, 2022, and is currently reviewing the City's proposed 2022 Rate increase. Staff recommended a Pass-through Rate increase of \$.30. This is about double the City's forecast in November of 2021.

AWWD's Sewer Rate increased from \$50.82 to \$52.88 per equivalent residential unit or \$2.06. Staff recommended a Pass-through Rate Increase of \$2.05.

Since the District purchases water from three separate sources, the District uses a blended water rate to establish the Pass-through Rate increase. The City of Everett did increase their water rate from \$2.8815 per unit to \$2.9126 per unit, starting January 1, 2022.

AWWD has also received the City of Everett's proposed 2022 Water Rate Increase for 2022. This rate is the basis for both the Clearview Water Supply Agency's 2022 Water Rates and AWWD's Wholesale Water rate. The City of Everett's 2022 Water Rate Increase for AWWD is higher than anticipated at \$.0729 per unit. AWWD staff is currently working on the City's proposal. However, it is believed the Table provided to the Board outlines the most current information. A Table was provided to the Board that outlined the blended water rate costs, under the City's current proposal.

Based on this information, the 2022 Pass-through Water Rate Increase is outlined in the Table that was provided to the Board. Staff recommended a final report be provided to the Board of Commissioners on April 14, 2022. This would include a recommendation to set a public hearing on April 28, 2022, to adopt the 2022 Water and Sewer Rate Increase, effective May 1, 2022.

5.) DEVELOPMENT PROJECTS

a.) Staff Report – 12220 – 14th Drive SE – Sewer Connection to the City of Everett

Mr. Smith provided a Staff report to the Board of Commissioners regarding the 12220 – 14th Drive SE Sewer Connection to the City of Everett.

On March 7, 2022, the District received a permit application from the property owner at 12220 14th Drive SE to connect to sewer since their septic system is failing. This property is on the edge of the District's boundary with the City of Everett, and there are no Silver Lake sewer mains in the area. However, there is an existing Everett main in 14th Drive SE, and a sewer stub was already installed to the property line.

Due to the proximity of the Everett main, with an existing stub to the property, as well as the lack of District sewer mains in the area, the staff recommended to allow this District customer to connect to the Everett Sewer system.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved the sewer connection for 12220 14th Drive SE to the City of Everett's system.

The District will send the City of Everett a written confirmation to authorize the connection. The customer will remain a water only customer of the District and will be billed directly by the City of Everett for sewer service.

6.) CAPITAL IMPROVEMENT PROJECTS

a.) Staff Report – 1st Quarter CIP Updates

Mr. Smith provided a Staff report to the Board of Commissioners regarding the 1st 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, and updated Status Matrix for active projects in the 1st Quarter of 2022 was provided to the Board. The Status Matrix also includes Developer Participation Projects, where the developer is essentially completing a CIP Project for the District during DE construction.

In addition, a Status Matrix of Developer Extension (DE) projects was provided for the Board's information. No projects were completed for a Bill of Sale in the 1st Quarter of 2022, but there are three in the final punch list stage. There are several more in the plan review phase or that have approved plans and are expected to start construction this spring.

Mr. Smith reviewed the District projects and developer extensions that are actively under construction.

7.) MAINTENANCE & OPERATIONS REPORTS

a.) Staff Report – Board Room AV Upgrades

Mr. Busch provided a Staff report to the Board of Commissioners on Board Room AV upgrades.

The District's Commissioner Board Room has audio and visual equipment to support local meetings and was enhanced in 2020 with additional microphones and a camera to support hybrid meetings. During the upgrade in 2020, it was noted by the AV installer that the audio and video switcher were also in need of upgrades as they are approximately 15 years old and based on analog technology. Furthermore, due to their age, receiving manufacturer support and repair would be difficult if not impossible.

The video switcher is a device that routes the video signals from the sources (computer, DVD player, laptop) to the destinations (TV, projector, additional displays). Over the last few years, District staff have had difficulty with integrating newer digital devices with the analog video switcher.

Similarly, the audio switcher routes audio signals from the sources (microphones, computers, laptops, DVD player, radio) to their destinations (Overhead speakers, remote meeting participants) and provides other functional such as volume controls.

Staff prepared a list of requirements for an upgraded AV system in the Commissioner’s Board Room, including Digital Audio Processor with sufficient inputs/outputs, Audio Visual over IP (AVoIP) capabilities for audio and video switching, video splitter to accommodate displays at all four dais positions, wireless presentation system (enables a laptop or other device to be a video/audio source), and updates to the Crestron Control system.

Staff met with three AV vendors with these requirements and obtained the following proposal prices:

Dimensional Communications	\$22,744.00
Avidex	\$33,822.80
Morgan Sound	\$26,885.88

Staff determined that the proposal presented by Dimensional Communications did not meet District requirements as it was based on older technology that did not include AVoIP functionality. The proposals from Avidex and Morgan Sound met all District requirements.

Staff recommended the proposal from Morgan Sound as it meets all the District requirements, and they had the lowest responsive proposal cost. Additionally, they are the vendor that installed the upgrades in 2020, so they are familiar with the District’s existing AV system.

If this proposal is approved, the District would buy some of the required hardware directly, to save on markup from the vendor (displays for the four dais positions and a network switch). These items would total approximately \$3000. Staff estimated a project cost of \$30,000 in the approved 2022 Financial Plan.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners authorized the purchase of audio and video upgrades for the Commissioner’s Board Room from Morgan Sound, at a cost of \$26,885.88, and other associated hardware for approximately \$3,000.

b.) Staff Report – Smart Locks

Mr. Busch provided a Staff report to the Board of Commissioners regarding Smart Locks.

Throughout the District there are numerous locations that require physical protection from theft and other malicious actors. The District employs multiple methods to secure these sites. One of the methods is the use of traditional padlocks on gates and various District equipment cabinets (Master Meters, PRVs, PLC). Padlocks provide basic protection from an intruder, but there are limitations to their protection. Problems include the issuing of keys, lost keys, lock picking, and lack of access logging.

For the past several years, the District has been looking for a way to mitigate some of the deficiencies of a traditional padlock. In addition, the Risk and Resiliency Assessment from 2020 identified “Remote Site Access Control” and “Pumping Station Access Controls” as suggested improvements. Their recommendations included higher security locks, documenting physical facility controls, updating key management practices, and logging access.

A solution that many critical infrastructure organizations are deploying to solve these deficiencies is Smart locks. Smart locks work by embedding computer chips in the locks and the keys. Using unique IDs assigned to each lock and key, the locks can be programmed to only allow certain keys to open them. Additional benefits include the ability to deactivate lost or stolen keys, prevent key duplication, and log access. Allowing access by third parties to District facilities would also be more secure.

Staff evaluated two Smart lock products and found that CyberLock was the best solution. This was based on many factors, including: price, functionality/expandability, availability on the Washington State Master Contract, field testing of locks location: Reseller in Kirkland, Design & Manufacturing in Oregon.

Numerous agencies in Washington State utilize CyberLock, including City of Lynnwood, Tacoma Events, PSE, City of Lake Stevens, and Seattle Public Utilities. Three references were contacted: City of Lynnwood, Covington Water, and Tacoma Events. They all reported being happy with the product, experiencing no major issues and have a deployment size and function similar to ours.

Staff recommended testing the CyberLocks in a pilot project that includes 30 keys, 20 locks, and associated accessories at a cost of \$16,380.40. If the pilot project is successful, an additional 40 locks would be purchased to expand the deployment for an added cost of \$13,164.65. This would bring the total cost of the first phase to \$29,545.05. Staff included \$90,000 for site security upgrades in the 2022 Financial Plan (\$40,000 water, \$50,000 sewer), which would include this type of purchase.

The reseller, Sybis, is on the Washington State Master Contract No. 05416, which will be the basis for pricing to the District.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners authorized the purchase of CyberLock keys, locks, and accessories from Sybis, via Washington State Master Contract No. 05416.

8.) INTERAGENCY REPORTS

a.) Staff Report – Snohomish County ILA- 43rd Ave. SE Water Main Relocation

Mr. Smith provided a Staff report to the Board of Commissioners on the Snohomish County Interlocal Agreement (ILA) - 43rd Ave. SE Water Main Relocation.

Snohomish County is at the 90% design level for a major roadway project along the 43rd Avenue SE – Sunset Road corridor, between SR 524 and 180th Street SE. The project would complete some missing links on the planned roadway system and upgrade existing

segments to current design standards. Utility Coordination meetings have been ongoing since September 2020, but construction is not scheduled until 2023.

There are two locations on Sunset Road near 180th Street SE where the new County storm drainage improvements will conflict with an existing District 12-inch water main; a Utility Map was provided to the Board for review. There are also approximately 25 water valve and manhole cover adjustments in the construction zone. In accordance with the existing Franchise Agreement with Snohomish County, the District is responsible to relocate the water main and adjust the utility covers for their roadway project.

There are two options for the relocation and adjustment work, either with typical District design/bid/build projects, and the water main relocation must be completed before December 2022, or partner with the County through an ILA to have the relocation work done during their construction.

Staff may not have the bandwidth to manage another separate District construction project during 2022. Having the construction done with the County project 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. Consequently, staff recommended to use the ILA option, since it would be a more cost-effective and time-efficient method to complete the relocation and adjustment work.

On December 23, 2021, the Board awarded a contract with the County design consultant, Jacobs Engineering Group, for the design of the District's water main relocation work. The 60% design has been completed and would consist of simple vertical alignment changes (45-degree bends and thrust blocks) to go under the County storm pipes. A preliminary cost estimate was also prepared, which was needed to proceed to the next step of executing the ILA with the County for future construction.

The estimated cost of the District's portion of the utility relocation and adjustment work is approximately \$380,000, as seen in Exhibit 'B' of the ILA that was provided to the Board, but will depend on final bid prices. This includes some standard fixed rate County administrative costs, which are typical on an ILA for this type of project. The District should also achieve some cost efficiency by partnering with the County on certain bid items, such as the surveying, traffic control, erosion control, etc., that would be higher with a separate contract.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners authorized the District's Attorney and Board President to electronically execute an Interlocal Agreement with Snohomish County for the District's water main relocation and utility adjustment work as part of the 43rd Avenue SE/Sunset Road project.

9.) STAFF REPORTS:

a.) District Engineer:

No further report.

b.) **Finance Manager:**

Mr. Nelson reported that the State Auditors Office has scheduled an Exit Conference to be held on Monday, March 28, 2022. Commissioner Willner has been designated as the Board's representative at the meeting.

Mr. Nelson provided an update on a customer account where the tenant has been vandalizing the District's meter to restore service. The property owner has made a payment to resolve the current delinquency and is working to evict the tenant.

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

Mr. Berger reported that Tom Gaffney has been elected as the vice chair of the Local 811 Safety Committee.

d.) **Technical Services Manager:**

Mr. Busch reported that the targeted cyber security audit is currently underway.

e.) **Attorney:**

No further report.

f.) **General Manager:**

Mr. Brees reported that the District has ordered a new Ford Lighting, electric pickup, off of the State Contract. It is hoped that the vehicle will be received in 2022. The vehicle cost, with factory options and tax was \$45,903, where a comparable gas truck's cost with factory selected options was \$37,472, a difference of \$8,432. The electric truck will be used as the "Runner vehicle". In 2021, this high use vehicle drove 11,561 miles consuming 1,233 gallons of gas. Significant operational savings that more than offset the additional purchase price are anticipated with the electric truck that will be charged overnight at the District's office.

Mr. Brees reviewed the tax basis of the employee contributions to the DRS PERS system. This topic has been reviewed at prior meetings and with staff. It is recommended that the District change the tax basis of contributions from post-tax to pre-tax. In most cases, this provides greater benefit to employees by reducing current tax liability. Employees have been provided with informational sessions and the opportunity to give their feedback, where they have unanimously requested to make the switch. Staff recommended changing the employee contributions to PERS from a post-tax basis to a pre-tax basis effective in July of 2022 to line up with the end of the second quarter of 2022.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners concurred with the staff recommendation and directed the General Manager to implement the change in tax basis of contributions effective July 1, 2022.

Mr. Brees shared that the SnoKing Water District coalition has invited the District to join the group, annual cost is approximately \$4,400. Following discussion the General Manager was tasked with making a request to attend an upcoming meeting prior to making a decision to join.

This ends the Minutes of the March 24, 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 March 24, 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 April 14, 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 14th day of April 2022.

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



Anne Backstrom, Secretary