

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

May 26, 2022

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on May 26, 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, O&M Manager Ron Berger, District Engineer Scott Smith, and Finance Manager Brad Nelson. Attending by video conference were Technical Services Manager James Busch, Dave Hoagland with Clifton, Larson, Allen, Curtis Chambers with Inslee, Best, Doezie, and Ryder P.S., Attorney for the District; and 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 May 12, 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. 18197 - 18277) in the amount of \$1,243,354.85; Revolving Fund Checks (Check No. 8526 - 8557) in the amount of \$21,626.46, were unanimously approved and signed as follows:

<b>Fund</b>	<b>Amount</b>
Water Maintenance	\$92,324.57
Water Capital Improvement	35,132.91
Sewer Maintenance	220,990.09
Sewer Capital Improvement	894,907.28
Revolving Check Fund	21,626.46
<b>Total</b>	<b>\$1,264,981.31</b>

**b.) Staff Report – 2021 Financial Statement**

Mr. Nelson provided a Staff report to the Board of Commissioners on the 2021 Financial Statements.

The 2021 Financial Statements were provided to Commissioners with his report. The statements are required to be submitted to the State Auditor's Office by May 30, 2022.

The District has been moved to an annual audit schedule. Staff recommended that Clifton Larson Allen perform the Financial Statement Audit, with their proposal price being \$10,250, plus expenses. The Washington State Auditor's Office will perform the Accountability (Compliance) Audit as required by law. Both audits would be conducted later in the fall.

Mr. Nelson introduced Mr. Hoagland and provided a high-level summary noting The District's Net Contribution to Assets (Net Income) was \$6,912,944, which was higher than 2020. This increase is mainly attributed to the 2021 Water and Sewer Rate increase. One major change to the 2021 Financial Statement is that the District's previous Net Pension Liability is now a Net Pension Asset of \$2,583,430. This change is reflected statewide to all agencies that participate in the state retirement system because of the Public Employee Retirement System's (PERS's) asset growth, based on 2021 levels, exceeding future pension liabilities. This change from pension liability to asset is a large part of the net change in Assets, not including the pension asset change, the 2021 Net Contribution to Net Assets is \$4,329,215, which is less than the District's 2020 Contribution to Net Assets of \$5,350,434.

Mr. David Hoagland, with Clifton Larson Allen, provided the Board of Commissioners with his report on the 2021 Financial Statements. Mr. Hoagland noted that for 2021, there were no changes to the accounting principles reflected in the financial statement. Mr. Hoagland then reviewed the District's financial performance in several key areas including, the change in Total Net Position, Total Operating Revenues and Expenses, and Operating Income. Mr. Hoagland also reviewed the District's current debt, debt capacity and debt coverage ratios. Overall, in 2021, the District's financial health improved. Clifton Larson's 2021 Financial Statement Audit Engagement Letter was presented for review by the Commissioners.

The Board reviewed the 2021 Annual Financial Report and discussed contracting with Clifton Larson Allen to perform the Financial Statement Audit rather than the State Auditor.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners authorized the General Manager to execute the 2021 Financial Statement Audit Agreement with Clifton Larson Allen.

## **5.) CAPITAL IMPROVEMENT PROJECTS**

### **a.) Staff Report – Thomas Lake Lift Station Project**

Mr. Smith provided a Staff report to the Board of Commissioners regarding the Thomas Lake Lift Station Replacement Project.

The District awarded the Thomas Lake Lift Station Replacement Project, in the amount of \$2,476,323.79 to McClure and Sons, Inc. (MSI), on November 23, 2021. Pay estimates are approved by the Board monthly as needed.

Submittal review and material acquisition has occupied most of 2022 to date, and a pre-construction meeting was held on May 5, 2022. MSI should begin mobilizing onsite and

start work during the week of June 6, 2022. The tentative schedule for the startup of the new lift station is Fall 2022, then demolish and remove the existing station, with project completion in Spring 2023.

The contractor has requested payment for materials on hand that have been ordered and delivered, or as allowed for submittal milestones in the contract documents. For Pay Estimate No. 1, this consists of structural steel, slide gates, odor control, pump, and electrical items in the amount of \$138,025.87.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved Pay Estimate No. 1 for initial materials on hand in the amount of \$138,025.87.

**b.) Staff Report – Windsong Lift Station Abandonment**

Mr. Smith provided a Staff report to the Board of Commissioners regarding the Windsong Lift Station Abandonment project.

The District awarded the Windsong Lift Station Abandonment Project to Accord Contractors on March 11, 2021. Pay estimates have been approved by the Board monthly as needed, and the last Pay Estimate (No. 3) was approved on August 26, 2021.

Most work had been completed for the new gravity sewer main from the old Windsong Lift Station to the 45<sup>th</sup> Avenue SE cul-de-sac last summer, including the roadway paving and site restoration. The only remaining field work was on the second portion of the project, which consists of installing a new surge valve to regulate pressure on the Waldenwood Lift Station Force main. This work had been delayed, due to supply chain issues and COVID impacts on the contractor's staff.

The surge valve was installed by the contractor in March, and then tested and adjusted with District staff on March 18, 2022, and April 2, 2022. All punch list items have been finished, and all physical work has now been completed by the contractor on the project.

After the final prevailing wage paperwork is completed by the contractor and their subs, District staff will send the project Notice of Completion to the State Departments of Revenue, Employment Security, and L&I. After release letters are received from all three agencies, the contractor's Retainage bond can be released. A separate action item will be brought to the Board for the final Retainage bond release.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved Pay Estimate No. 4 for work to achieve physical completion in the amount of \$80,957.55. Items included in the final pay estimate consist of the final percentage of mobilization, traffic control and restoration, remaining surge valve work, as well as the asphalt grinding/planning item that had been missed in the previous pay estimate. The field quantity was re-checked for the latter, but there was a significant bust in the plan/bid quantities.

## **6.) MAINTENANCE & OPERATIONS REPORTS**

### **a.) Staff Report – Lift Station Propane Tank Upgrades**

Mr. Berger provided a Staff report to the Board of Commissioners on the Lift Station Propane Tank Upgrades.

Following a long-term power outage in 2007, District staff and Gray & Osborne completed an evaluation of how to maintain operations during a “Black Sky Event”, where power is out for an extended duration. This evaluation included several recommendations including: developing capability to by-pass pump, having trailer mounted generators as backup to primary generators, increasing the size of fuel tanks to increase run time of generators, and changing propane powered generators to diesel fueled generators. The District currently operates eight lift stations that use propane as the fuel source to power the emergency generators in the event of power outages. The District has identified replacement for some of these Gensets to run on diesel instead of propane as a part of larger projects to upgrade the lift stations if the lift station is due for replacement at the end of its useful service life.

Some of the reasons the District is converting to diesel generators are:

- Diesel is more energy dense (liquid vs. gas) and a smaller tank can provide power for a much longer time.
- Crew staff can re-fuel these sites using truck mounted portable tanks from our Headquarters’ large storage tanks and can run extended outage times.
- Crew staff cannot legally haul propane without a Hazmat License Endorsement and special equipment that would have limited use.
- Other issues with propane are that the generator is not reliable when the tank is 20% or below, and the tanks cannot be filled past 80% full.

However, not all these sites are scheduled for major upgrades where we would replace the generator. Therefore, staff recently completed a small project to double generator run times at Silver Firs, Lowell Larimer 2, and 164<sup>th</sup> Street Lift Stations by adding an additional propane tank to each site. These were used tanks purchased from Ferrell Gas Company who also delivered the tanks, plumbed the manifolds valves to each tank, and anchored the tanks using cable to the ground. The District’s Engineer obtained permits from the County for this work.

The additional tanks purchased were each 320-gallon capacity and are added to the current 250-gallon tanks (Lowell Larimer 2 and 164<sup>th</sup> Street; 350-gallons at Silver Firs) which will provide the District with extended run times. The Thomas Lake Lift Station project will add a new diesel-powered generator, and the old propane tank will be salvaged and added to increase capacity to one of the Woodland Lift Stations that also have propane generators.

Lessons learned from a recent power outage and long lead times for propane delivery renewed our attention on the need for adding additional fuel capacity to our current propane generator sites.

**b.) Staff Report – Review Options for Drug and Alcohol Policy Update**

Mr. Brees provided a Staff report to the Board of Commissioners regarding the Review Options for a Drug and Alcohol Policy Update.

In January of 2020, a new federal rule pertaining to Federal Motor Carrier Safety Administration (FMCSA) Regulated Employers took effect. The new rule required the District to report any violations of the drug and alcohol regulations of Commercial Driver License (CDL) holders to a federal database. Additionally, on an annual basis for all CDL holders and for all new employees that will be required to hold a CDL, the District must check the database to ensure the Drivers do not have violations in other states. The District implemented compliance by having all CDL holders sign an acknowledgement and by membership/participation in the Drug and Alcohol Consortium of the Association of Washington Cities (AWC). The District joined this group back in 1995 for administration of the compliance for drug and alcohol testing of commercial drivers.

Back in 2020, while reviewing the requirements of this new rule, the District's Drug and Alcohol Policy was dusted off; it has not been updated since its adoption in 1995. The District's formal policies pertaining to drug and alcohol use are limited to the employees that hold, or will be required as a condition of employment, to obtain a CDL. The current policy is silent to all other employees and does not contain provisions for reasonable suspicion testing.

AWC provides as a service, sample policies with specific options that a member agency may use for both CDL employees and for all other employees not required to hold a CDL. Staff recommends updating the District's policies using the templates developed by AWC, including a policy that would allow an employee that fails a test to enter a "Last Chance Agreement" where they would be required to undertake substance abuse treatment and additional random testing to retain their position with the District.

The Board of Commissioners reviewed the staff recommended sample policies from AWC and provided direction that the District's policy should include a provision for a "Last Chance Agreement". The policy changes will be adopted by resolution later, incorporating the Board's direction on the "Last Chance Agreement" provision.

**9.) STAFF REPORTS:**

**a.) District Engineer:**

No further report.

**b.) Finance Manager:**

Mr. Nelson reported that the current cycle of billings being generated will be the first at the summer rate and including the 2022 Rate adjustment. A letter describing the rate change is included with the invoice if sent by mail and will be sent via email to paperless customers.

Mr. Nelson also reported on the status of customer delinquencies. The count of customers with service suspended for non-payment is going down, back to pre-pandemic levels. This year the District began providing an additional notification step with customers that have

a valid phone number on file, where an automated phone call is sent out 3-5 days before shut off. These calls are helping to reduce the volume of shut offs. The total past due amount on installment is down to approximately \$78,000.

In closing, Mr. Nelson reported the District has completed a registration with the Federal Government and may now receive funds on behalf of eligible customers via the Low-Income Household Water Assistance Program.

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

No further report.

**d.) Technical Services Manager:**

No further report.

**e.) Attorney:**

No further report.

**f.) General Manager:**

Mr. Brees provided a brief reminder of the District's office schedule over the Memorial Day holiday, where the office will be closed to the public at noon on Friday and all-day Monday.

Mr. Brees reported that staff has completed the first round of training on the Badger Beacon portal website that will be used in conjunction with the cellular AMI meters. A demonstration is planned for the next Board meeting.

**This ends the Minutes of the May 26, 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 May 26, 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 June 9, 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 9<sup>th</sup> day of June 2022.

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

  
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Anne Backstrom, Secretary