

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

July 28, 2022

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on July 28, 2022, beginning at 5:30 p.m. Attending in person were Commissioners Anne Backstrom, John Warner, and Shauna Willner. Also present in person was General Manager Curt Brees, O&M Manager Ron Berger, and District Engineer Scott Smith. Attending by video conference/teleconference were and Technical Services Manager James Busch and Finance Manager Brad Nelson; 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 both 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 Warner called the meeting to order at 5:30 p.m.

**2.) APPROVAL OF MINUTES:**

The Minutes of the regular meeting of July 14, 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. 18478 - 18529) in the amount of \$1,240,803.11; Revolving Fund Checks (Check No. 8638 - 8667) in the amount of \$70,904.42, were unanimously approved and signed as follows:

<b>Fund</b>	<b>Amount</b>
Water Maintenance	\$307,208.82
Water Capital Improvement	39,894.02
Sewer Maintenance	852,092.50
Sewer Capital Improvement	41,607.77
Revolving Check Fund	70,904.42
<b>Total</b>	<b>\$1,311,707.53</b>

**b.) Staff Report – 2<sup>nd</sup> Quarter Financial Reports (June 30, 2022, Pre-closing)**

Mr. Nelson provided a Staff report to the Board of Commissioners regarding the 2<sup>nd</sup> Quarter Financial Reports.

The Board of Commissioners are provided a Quarterly Financial Report that outlines the District's financial information for the quarter and the year. The financial information

contained within the report are considered Pre-closing reports, which means the financial information does not include accrued information for revenues and expenses. Closing entries have been prepared for 2021 and are reflected in the 2022 Capital Project Report.

The District's Second Quarter Pre-closing Revenues from all sources are \$14,073,013. This was a decrease of \$165,625 compared to the Second Quarter of 2021. The most significant reason for this revenue decrease is New Connection Revenues which are down \$2,234,045 through the second quarter. This is coupled with an increase of \$2,306,603 in Charges for Services revenues. Recent interest rate increases by the Federal Reserve bank are having a positive effect on the District's investment returns. The figures were provided to the Board that outlined the Total Revenues from 2021 and 2022.

Tables were provided to the Board that outlined the District's historic Bills of Sale (Donated Water and Sewer Systems) and New Connection Fee (Cash paid by New Customers, General Facility Charge) revenues from 2014 to 2022. A Table was provided that represented the annual New Customer Revenues presented on a quarter and annual basis. There were \$98,570 of Bills of Sale revenues and \$260,950 in General Facility Charges. Staff also noted there was a \$.10 calculation error with the Golubovich Short Plat accepted by the Board at their June 23, 2022, meeting. The corrected amount is reflected in the financial statements.

Special Connection Fee collections are not included with the new connection revenues data since they represent repayment for District ratepayer's cash investments in projects. The District has collected \$398,142.70 in Special Connection Fees on outlays of \$2,789,395.56. The District is anticipating 60 lots to be developed at Brasswood Estates, which is within the Sector 7 Lift Station benefit area and would generate \$50,856.00 in Special Connection Fees. A Table was provided to the Board that outlined the District's collection of Special Connection Revenues since their inception.

The District received \$2,306,603 more in Water Service Revenues, mainly attributed to the rate increase that was implemented in May 2021. The 2022 Water Rate Increase was effective on May 1, 2022, for most customers. However, customer water consumption (measured in units) significantly decreased for the Second Quarter by 8% or 71,766 units. Two Tables were provided that showed customer water consumption in units over time; one unit equals 100 CF. Staff believes the major reason for the decreased consumption is the wetter than normal spring and summer which has delayed the need for irrigation.

The District's total expenses for the Second Quarter of 2022 were \$10,650,893, which is an increase of \$1,968,340 from the Second Quarter of 2021. As with previous reports, the 2021 invoice delay by the City of Everett is skewing the financial presentation. The largest operating costs continue to be purchased water and sewer treatment services, which totaled \$4,297,861.

Currently, the District's Net Income through March 31, 2022 is \$3,422,121, which is a decrease from 2021 of \$2,133,973. This financial reporting issue will continue until the fourth quarter of 2022.



As of July 20, 2022, the District currently has twelve accounts, out of 18,645 metered water connections, delinquent with a property lien filed. The total delinquent amount of these twelve accounts with a filed property lien is \$25,313. On October 30, 2021, the District created installment plans for 195 customers totaling \$188,293.73. As of July 25, 2022, the District has 134 customers on installment plans totaling \$59,242.07. Most of the installment plan payoffs have been related to property sales or a change in renters.

The District's cash and investments totaled \$53,190,680.16, which was an increase of \$4,106,680.16 from June 30, 2021.

Included with the Financial Statements were the Capital Project Summary Reports for the District's various major Capital projects.

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

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

### **a.) Staff Report – 10<sup>th</sup> Drive SE Improvements**

Mr. Smith provided a Staff report to the Board of Commissioners regarding the 10<sup>th</sup> Drive SE Improvements.

On December 9, 2021, the Board authorized staff to execute a contract with the State Public Works Board (PWB) to award a pre-construction loan in the amount of \$450,000 for design of the 10<sup>th</sup> Drive SE Water and Sewer Improvement Project. Work would consist of installing approximately 5,000 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.

The existing water mains are old cast iron 6 or 4-inch pipe, and this project would provide a new distribution backbone in the Silver Acres area between Master Meter 3 and two existing 12-inch water mains to the south. In addition, 2,200 feet of new sewer main would be installed in 10<sup>th</sup> Drive SE between 118<sup>th</sup> Place SE and 126<sup>th</sup> Street SE to provide service to parcels currently on septic.

After District staff conducted a Request for Qualifications (RFQ) process in Fall 2021, the Board awarded a Preliminary Design Contract to Kimley Horn, on January 27, 2022, in the amount of \$160,253.00. The scope of work consisted of survey, utility coordination, cultural resources assessment, geotechnical investigation, and advancing the project to a 30% design level. The 30% Design Report and Preliminary Plans were attached for the Board's information, and the estimated construction cost is \$5.7 million.

Kimley Horn prepared a Scope of Work and Fee to complete the design of the 10<sup>th</sup> Drive SE Water and Sewer Improvements Project. This is a relatively straightforward project in terms of design and permitting, and the 30% design level was achieved during the Preliminary Design phase. The design work would consist of public outreach; 60%, 90%, and final plans, specifications, and cost estimates; permitting with Snohomish County; minor survey and utility locate work; and preparation of the bid documents.

The timeline is structured to be in position to apply for a PWB Construction Loan in mid-2023, for the water portion of the project. It is anticipated that there will be a large funding cycle for the 2023-25 biennium, and it is advantageous to have projects “shovel ready”. The cost of the sewer portion of the project could be paid directly out of the sewer fund or recovered through a new Special Connection Fee. Based on the results of the loan application process and status of other ongoing District capital projects, the project could be advertised for bid in late 2023, with construction beginning in Spring 2024.

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 \$332,277.00, for final design of the 10<sup>th</sup> Drive SE Water and Sewer Improvements.

**b.) Staff Report – Lowell Larimer 1 Lift Station Improvements**

Mr. Smith provided a Staff report to the Board of Commissioners regarding the Lowell Larimer 1 Lift Station Improvements.

One of the next higher priority sewer capital projects is the rehabilitation of the Lowell Larimer 1 (LL1) Lift Station, which is CIP Project No. LS-5 in the Wastewater Comprehensive Plan. LL1 was built in 2003 and receives flow from Larimer 2 and the surrounding developed area. It ultimately serves a much larger regional sewer basin south of Lowell Larimer Road, including some new denser developments such as Remington Ranch, and pumps up the hill to the new Waldenwood Lift Station. The sewer basin map as Figure 1 was attached in the Predesign report.

On December 9, 2021, the Board awarded a Predesign Contract to Gray & Osborne in the amount of \$43,500 to evaluate rehabilitation and site layout options. Potential improvements at the LL1 Lift Station were evaluated and discussed with District staff in the field and during several follow up meetings. A copy of the Predesign report was attached for the Board’s information, and the Preliminary Site plan was included as Appendix “C”.

Hydraulic sewer modeling was also performed to check the capacity for future development of the larger regional sewer basin. There is the potential and capacity for other lift stations, likely Creekside, and Highlands 2, to be abandoned and directed down to the LL1 basin. This could be coordinated with future adjacent developments to decrease the District’s long term lift station maintenance and replacement costs.

The recommended improvements include replacing the high maintenance surface mounted pumps with submersible pumps in a new 12-foot wet well, removing the existing surge valve, installing a new rock catch manhole and a meter and valve vault, a new fuel tank and covered generator, and a new enclosed electrical building. The existing wet well would be kept onsite and converted to additional storage capacity. The footprint of the lift station would need to be expanded, and a new easement would be required from the surrounding property owner. The preliminary estimated construction cost of improvements for the LL1 Lift Station in Exhibit “D” is \$2,511,000.



G&O has prepared a Scope of Work and Fee to complete the design of the LL1 Lift Station Improvement Project. The design scope would consist of geotechnical work, structural, mechanical, and electrical design to produce 60%, 90%; and final plans, specifications, and cost estimates, permitting with the Snohomish County, and preparation of the final bid documents. The project could be advertised for bid in early 2023, but the timing will depend on progress with the property owner and external agencies, as well as managing other ongoing capital projects.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners authorized the General Manager to execute a consultant contract with G&O in the amount of \$274,000, for final design of the Lowell Larimer 1 Lift Station Improvement Project.

**c.) Staff Report – 2022 Valve and Manhole Adjustment Project – Pay Estimate No. 1**

Mr. Smith provided a Staff report and presented photos showing project work to the Board of Commissioners regarding the 2022 Valve and Manhole Adjustments Project.

The District awarded the 2022 Valve and Manhole Adjustments Project, in the amount of \$297,020.66, to Quilceda Excavation on April 28, 2022. Pay estimates will be approved by the Board monthly as needed.

The scope of work consists of approximately 70 utility adjustment sites at 20 locations around the District, which involves five different sales tax rates, and includes the deferred work along 132<sup>nd</sup> Street SE from the 2021 Paving Contract.

A Pre-construction meeting was held with Quilceda on May 24, 2022, and work began on June 23, 2022. Most work has been occurring on 132<sup>nd</sup> Street SE (Schedule A), which has a required completion timeline of August 1, 2022, from the City of Mill Creek. The Contractor is using a new asphalt cutting machine designed for utility adjustments, [www.mrmanhole.com](http://www.mrmanhole.com), which seems to be working well so far.

Due to material supply chain issues, the District has supplied the Contractor with some of the heavy-duty water valve covers needed in 132<sup>nd</sup> Street SE to complete the work on time. These covers will be resupplied to the District by the Contractor, when received from the distributor.

The contractor has requested payment for work completed through mid-July in the amount of \$43,300.79.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved Pay Estimate No. 1 in the amount of \$43,300.79.

**6.) MAINTENANCE & OPERATIONS REPORTS**

**a) Review Calendar for August and Upcoming Meeting Agendas**

Mr. Brees provided a Staff report to the Board of Commissioners reviewing the BOC planning calendar for August and upcoming meeting agenda items.

**7.) STAFF REPORTS:**

**a.) District Engineer:**

Mr. Smith provided the Board of Commissioners with a handout that outlined the current Capital Improvement Project workplan.

**b.) Finance Manager:**

No further report.

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

Mr. Berger responded to a question from Commissioner Warner pertaining to efforts by maintenance crews to repair/restore a drainage pipe at Lift Station No. 2, reporting that District crews had located and repaired portions of the pipe.

**d.) Technical Services Manager:**

No further report.

**e.) Attorney:**

No further report.

**f.) General Manager:**

Mr. Brees reported that a District truck was damaged this past week in an accident where another party was at fault. Damages are relatively minor and repair at an area body shop has been scheduled.

Mr. Brees reported that the Finance division has been working diligently to qualify the District's customers for financial assistance via the Low-Income Household Water Assistance Program (LIHWAP). The District has been required to provide data in a different format than we track our utility bills, to qualify customers for the assistance. Staff is currently working on qualifying the District's customers for State Assistance authorized in the most recent legislative session.

**This ends the Minutes of the July 28, 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 July 28, 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 August 11, 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 11<sup>th</sup> day of August 2022.

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

  
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Anne Backstrom, Secretary