

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

November 10, 2022

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on November 10, 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, District Engineer Scott Smith, and Finance Manager Brad Nelson; O&M Manager Ron Berger, Eric Delfel with Gray & Osborne, Inc., and Curtis Chambers with Inslee, Best, Doezie & Ryder P.S., Attorney for the District, attended via video conference. The public was provided access to participate both in person at the meeting and 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 October 27, 2022, were unanimously approved by the Board as circulated.

**3.) PUBLIC COMMENT:**

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

**4.) FINANCIAL MATTERS:**

**a.) Payroll, 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. 18914 - 18971) in the amount of \$947,329.85; Revolving Fund Checks (Check No. 8834 - 8852) in the amount of \$162,827.43, were unanimously approved by the Board and signed as follows:

<b>Fund</b>	<b>Amount</b>
Water Maintenance	\$41,760.41
Water Capital Improvement	0.00
Sewer Maintenance	759,121.48
Sewer Capital Improvement	146,447.96
Revolving Check Fund	162,827.43
<b>Total</b>	<b>\$1,110,157.28</b>

**b.) Staff Report – 2023 Financial Plan Development**

Mr. Nelson provided a Staff report to the Board of Commissioners regarding the 2023 Financial Plan Development, reviewing Equipment Replacement, the IT Program, and Operating Capital.

In 2007, the District's Commissioners approved Resolution No. 623, which adopted an Equipment Replacement Schedule for the District. Since its approval, the District has purchased replacement vehicles according to the schedule and developed new assumptions for the District's vehicles and equipment.

As part of the annual financial planning process for the next fiscal year, staff reviews the assumptions report with the Board of Commissioners on changes to the schedule and new equipment recommendations. Starting in 2018, staff began including technology replacements into the financial planning process. This was later expanded to track ongoing costs for software licensing.

In this report, the term "*new*" means vehicles and equipment that have not previously been approved by the Board of Commissioners and will be added to the Equipment Replacement Schedule. The term "*replacement*" means vehicles and equipment that have been previously approved by the Board and are being replaced by purchasing new vehicles or equipment. The term "*surplus*" means the vehicle will be sold, which typically is after the replacement vehicle is received by the District. The term "*retained*" means the existing vehicle that will be or has been replaced by a new vehicle but has not sold for an extended period. Retained vehicles continue to incur maintenance and operation expenses but can be a lower cost method to addressing short term vehicle needs like the District experienced during COVID-19. To clearly identify retained vehicles and the reason and expected surplus date, staff has updated the Equipment Replacement Schedule, and highlighted the specific retained vehicles at the bottom of the Vehicle list, with the reason for the retention and the expected surplus/sale date.

For 2023, staff recommendation resulted in a net change in future replacement costs from \$3,316,500 to \$3,639,500, or \$ 25,000 over the next twenty years. Tables were provided that outlined the District's historic and current replacement costs by year and staff's recommended changes for 2023.

There are no 2023 changes to the existing replacement assumptions. Typically, by this time of year, the District's current year vehicle purchases have been received and reflected on the vehicle list. However, delays in receiving ordered 2021 and 2022 vehicles has created a level of complexity when reviewing the existing vehicle fleet. The Board also authorized the replacement of Truck #44 ( 2009 F-350 RC Covered Utility) with a 2023 Ford Lighting Truck, which has been ordered already in response to changed ordering deadlines by the manufactures. Staff has blue color-coded existing vehicles that have replacements on order but not yet received. In addition, retained vehicles that were replaced by purchased vehicle but not sold at surplus are coded yellow.

For 2023, staff recommended one new equipment purchase for \$25,000 which would be an additional dump bed for the existing hook lift truck. Staff is not reflecting the purchase of the vehicle on order, but not received, since they were presented and approved by the Board in 2022.

Staff has included a 2023 IT Equipment Replacement list for both equipment and Licensing Agreements. For 2023, staff recommended the replacement of \$101,000 of existing equipment, including the repurposing of several desktop computers into docking station laptops for greater flexibility. Staff recommended \$53,000 in new equipment, including four new lift station cameras and a new server. Staff would also note that with recent vandalism, graffiti, and intrusions in the area, staff is reviewing the camera and other security configurations at the Headquarters site. Staff may have additional recommendations to the Board separate from the report. Also noted, staff recommended retention of several servers and data storage arrays at a cost of \$3,000 per system, for a total of \$6,000. While not a capital cost, staff wanted to make the Board aware of the costs. A Table was provided to the Board of Commissioners that outlined the 2023 IT replacement purchases:

The Board of Commissioners discussed the 2023 Equipment and Technology Replacement and Assumptions, and directed staff on 2023 purchases and changes to the assumptions.

The Board of Commissioners discussed the 2023 Equipment and Technology Replacement and Assumptions including an in-depth discussion on the continuing trend for software license subscriptions rather than license purchases with staff.

Following discussion, the Board of Commissioners directed staff on 2023 purchases and changes to the assumptions.

## **5.) DEVELOPMENT PROJECTS:**

### **a.) Staff Report – McKelvey-Smith Sewer**

Mr. Smith provided a Staff report to the Board of Commissioner regarding the McKelvey-Smith Sewer Developer Extension Agreement.

The proposed joint McKelvey-Smith Sewer Extension is located on two development lots at the intersection of 116<sup>th</sup> Street SE and 29<sup>th</sup> Avenue SE. The McKelvey project off 116<sup>th</sup> Street SE will add two new SFR lots to the existing homesite, and the Smith project on 29<sup>th</sup> Avenue SE will add four new SFR lots on a vacant parcel.

There is an existing sewer main on the east side of the McKelvey lot that connects to the District's collector main on the north side of 116<sup>th</sup> Street SE. A new sewer main would connect with a saddle manhole and extend west through the site to provide service for the new lots.

As part of the recent District-wide sewer planning efforts, it was determined that a sewer manhole extension into 29<sup>th</sup> Avenue SE is not needed for future service connections. The lots on the west side of 29<sup>th</sup> Avenue SE are already connected, and due to the topography of the area, developments to the south would flow down to an existing connection point near the church at 11915 29<sup>th</sup> Avenue SE.

Water services for the six total new SFR would be installed by District crews along either 116<sup>th</sup> Street SE or 29<sup>th</sup> Avenue SE. It is the District's standard practice to install new services on existing mains when there is not an associated water main extension.

Staff requested the Board of Commissioners accept the Developer Extension Agreement for the McKelvey-Smith Sewer Extension.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners authorized the General Manager to approve the Developer Extension Agreement for the McKelvey-Smith Sewer Extension.

**b.) Staff Report – Sunset Road Short Plat**

Mr. Smith provided a Staff report to the Board of Commissioners regarding the Sunset Road Short Plat Developer Extension Agreement.

The proposed 9-lot Sunset Road Short Plat Developer Extension is located on the northwest corner of the intersection of Sunset Road and 180<sup>th</sup> Street SE, immediately adjacent to the District's 180<sup>th</sup> Street Lift Station. The existing residence is on a well and septic, both of which will be removed and decommissioned.

There are existing water and sewer mains on three sides of the development site. A new 8-inch water main will be run across the site to loop between the east and west side, including a new fire hydrant, with meters provided along the new internal road for service. Installation of the water main on Sunset Road will also be coordinated with Snohomish County's upcoming roadway project.

A new saddle manhole will be installed on the existing main on the west side, and a new sewer main extended to the east and north through the site to provide gravity service with individual connections, and end with a manhole on each pipe run.

Staff requested the Board of Commissioners accept the Developer Extension Agreement for the Sunset Road Short Plat Developer Extension.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners authorized the General Manager to approve the Developer Extension Agreement for the Sunset Road Short Plat Developer Extension.

**6.) CAPITAL IMPROVEMENT PROJECTS**

**a.) Staff Report – Thomas Lake Lift Station Replacement**

Mr. Smith provided a Staff report to the Board of Commissioners regarding the Thomas Lake Lift Station Replacement project and Pay Estimate No. 6.

The District awarded the Thomas Lake Lift Station Replacement Project, in the amount of \$2,476,323.79 including sales tax, to McClure and Sons, Inc. (MSI), on November 23, 2021. Change Order No. 1, in the amount of \$18,776.11, was approved by the Board on August 11, 2022. Pay estimates will be approved by the Board monthly as needed.

Within the month of October, a new insertion valve was installed on the force main on October 4, 2022, and the new connection was made in 30 minutes on October 19, 2022. The existing water main on the site was shut down on October 12, 2022, and a new water service was installed for the lift station, along with a new blow off at the new end of the pipe. The large concrete lids were finally delivered over the mountain pass on October 17, 2022, but were rejected due to manufacturing defects from the plant. The deep connection pipe between the existing and new wet wells was also installed.

Mr. Smith reviewed several photos of the construction in progress with the Board of Commissioners.

Work included in Pay Estimate No. 6 for the month of October consists of additional percentages of the lift station lump sum, shoring, traffic control, and electrical bid items.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved Pay Estimate No. 6 in the amount of \$125,604.16

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

### **a.) Staff Report –District Solar Project**

Mr. Brees provided a Staff report, an Agreement with the Department of Commerce, and an Agreement with MZ Solar Consulting, to the Board of Commissioners regarding the District's Solar project.

Earlier this year District staff applied for the Washington State Department of Commerce Solar Retrofit Grant and were successful in acquiring \$75,000 of State funding towards installing a 100-kW solar system at the District Headquarters. In total, the state grant awarded \$1.4 million to 14 different projects, adding over 1 MW of power generation to public buildings. After the grant award, staff learned that the District will also be eligible for a rebate of an additional 40% of the completed project costs from the Federal Government as authorized by the Inflation Reduction Act (IRA). Under the IRA tax exemption, local government agencies now qualify for a rebate equal to the tax credits available to individuals and businesses for qualifying energy savings projects and electric vehicles.

The Department of Commerce recently provided the District with the grant agreement. The form, procedures, and payment processes are very similar to other agreements the District has with the Department of Commerce. Staff recommended authorizing the General Manager to sign the agreement with the Department of Commerce on behalf of the District.

Due to the cost and type of work, the installation of the Solar System will be a public work project requiring public bidding through a competitive process. As a result, the District must develop plans and specifications for the competitive bidding process, and we require the assistance of a design expert on solar systems.

District staff reached out to qualified designers and selected Michiel Zuidweg from MZ Solar Consulting to assist with the bid process and if needed, support staff during

construction and commissioning of the system. Mr. Zuidweg has extensive experience with solar projects that are similar in scope to the District's acting as an Owners Representative.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners authorized the General Manager to enter into a Grant Agreement with the Department of Commerce on behalf of the District, providing \$75,000 for the installation of a 100-kW solar system.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners authorized the General Manager to enter into a Professional Services Agreement with MZ Solar Consulting on the District's standard Professional Services Agreement form with a not-to-exceed amount of \$11,600.

## **8. STAFF REPORTS**

### **a.) District Engineer**

Mr. Smith reported that he is finalizing edits to the new District Code.

### **b.) Finance Manager**

Mr. Nelson provided an update on the developing guidelines for the State's assistance program for utility arrearages. There are still a few items that require clarification to ensure how the District would apply the funds on behalf of customers consistent with the guidelines. Department of Commerce staff have provided verbal assurance, but we are awaiting something in writing to rely upon in the event of a future audit.

Mr. Nelson reported that the District's client service representative for the HRA Veba program has accepted a position elsewhere. This individual had been very responsive and helpful on a variety of issues important to the District and staff.

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

No further report.

### **d.) Technical Services Manager**

No further report.

### **e.) Attorney**

No further report.

### **f.) General Manager**

Mr. Brees reviewed the upcoming meeting schedule for the remainder of the year and discussed availability of the Commissioners to hold the December 22<sup>nd</sup> meeting at 4:30 p.m. All of the Commissioners confirmed their availability for the 4:30 p.m. meeting times, as this meeting date is already designated as a special meeting. The special meeting notice will also reflect the 4:30 p.m. start time.

Mr. Brees shared the new Consumer Price Index, just released for the month of October. Inflation has cooled slightly and the CPI-W index for Seattle used by the District is 9.4%.

Mr. Brees indicated that he would provide a tour of the office improvements of new carpets and furniture following the meeting.

**This ends the Minutes of the November 10, 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

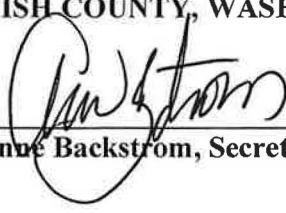
I, the undersigned, Secretary of the Board Commissioners of Silver Lake Water and Sewer District, Snohomish County, Washington (the "District"), hereby certify as follows:

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 November 10, 2022, regular meeting of Commissioners, duly adopted at a special meeting of the Board of Commissioners of the District, held at the regular meeting place thereof on November 22, 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 22<sup>nd</sup> day of November 2022.

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

  
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Anne Backstrom, Secretary