

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

November 22, 2022

The special meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on November 22, 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, District Engineer Scott Smith, and Finance Manager Brad Nelson. Technical Services Manager James Busch, Eric Delfel with Gray & Osborne, and Curtis Chambers with Inslee, Best, Doezie, & Ryder, P.S attended by via teleconference. 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 November 10, 2022, were unanimously approved as circulated.

3.) PUBLIC COMMENT:

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

Mr. Brees reviewed a customer complaint which had been submitted to the Attorney General's Office and then forwarded to the Board of Commissioners. The complaint was provided to the Commissioners. It concerned a District customer who wanted to discontinue utility billing at his property that is currently unoccupied. Mr. Brees reviewed how the District's policies do not permit a full suspension of charges as it would be inconsistent with interlocal government agreements that require the District to make payments on behalf of all customers that are connected to the sewer system on an ongoing basis. In addition, many of the District's internal costs are fixed, to be able to provide service to a customer regardless of if a customer is actively using the service. District staff have had previous contact with the customer thoroughly explaining the policies.

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. 18972 - 19031) in the amount of \$517,730.43; Revolving Fund Checks (Check No. 8853 - 8860) in the amount of \$11,539.17, were unanimously approved and signed as follows:

Fund	Amount
Water Maintenance	\$283,091.25
Water Capital Improvement	10,800.97
Sewer Maintenance	200,044.41
Sewer Capital Improvement	23,793.80
Revolving Check Fund	11,539.17
Total	\$529,269.60

b. Staff Report –2023 Financial Plan (CIP)

Mr. Nelson provided a Staff report to the Board of Commissioners regarding the development of the 2023 Financial Plan (Capital Improvement Program).

The Silver Lake Water and Sewer District adopts Water and Sewer Comprehensive Plans to determine the long-term capital facility needs of the District, guide rate setting and the General Facility Charges for new connections. The District's current Water and Sewer Comprehensive Plans were adopted in 2017 and 2018 respectfully.

The 2023 Capital Projects Report provides a review of the District's current capital projects, and forecasts capital project costs for the next two fiscal years. Typically, most of the projects presented in the Annual Capital Projects Report were authorized in the Water and Sewer Comprehensive Plan.

Capital projects are large projects that have a long useful life and can take multiple years to complete. It is also important to note that during the ten-year planning period of the Water and Sewer Comprehensive Plans, a project's scope, budget, and timing may change depending on the needs of the District, new opportunities or challenges, or available resources. Additionally, the project costs included in the Comprehensive Plans are based upon the projected costs in the year that the plan was prepared and have not been adjusted for inflation.

The 2023 Capital Project Report also contains the District's portion of the City of Everett's Sewer Capital projects and Clearview Water Supply Agency (CWSA) Water Capital projects according to the terms of Interlocal Agreements. Like the District's Capital projects, projections by the City of Everett and the CWSA can change from year-to-year. Staff noted that the City has not yet provided their most current Capital Facility Plan information and the data contained in their report is based on their 2021 Capital Facility Plan.

The District is contractually obligated to pay a portion of certain City of Everett Sewer Treatment Plant projects. The District's percentage of the projects are defined by contract and based on the percentage of the City's Sewer Treatment Plant's capacity. For most treatment plant projects, the District's percentage is 16%. Tables were provided to the Board that outline the City of Everett's current planned projects, the project's total budget, the District's share of the project (%), and the District's share of the projects for 2023 and 2024.

The City of Everett has not released its 2023 Capital Facilities Plan and has not responded to requests for the 2022 Capital Facility Plan yet. Based on the City's 2021 Capital Facility Plan, the District expects to pay the City of Everett \$176,000 in 2023 and \$0 in 2024 for Capital projects. Staff included a handout to the Board of the City of Everett's most current Wholesale Sewer Project, listing expenses projected to 2027.

The District is a member of the CWSA and has contractual agreements to share in the capital improvement of CWSA's Capital projects. In 2013, CWSA changed the accounting classification of several projects from maintenance to capital, to better reflect the work being performed and how costs were being allocated to the members. The CWSA Board is discussing a major electrical renovation project at the reservoir. The preliminary estimate is \$750,000. The District's share is estimated to be \$201,525 if the project is a capital project. The District's share of CWSA's Capital projects ranges from 20.16% to 26.87%.

Staff noted that the CWSA has authorized \$124,950 for a ten-year water Comprehensive Plan. This plan will be expensed by the agencies in 2022 with some possible carry over in 2023.

The District's adopted Water and Sewer Comprehensive Plans outline the District's total approved capital projects over ten years. Over time, the projects approved in the Comprehensive Plans can change, based on changing technologies or the capital needs of the District. A Table was provided to the Board that outlined the District's current and projected capital projects. The District's investment in capital projects is expected to be \$11,639,022 in 2023 and \$8,190,000 in 2024.

A detailed listing of the District's 2023 and 2024 proposed projects and the District's current Water and Sewer Comprehensive Plan Capital Project listings were provided to the Board of Commissioners. The District's complete Water & Sewer Comprehensive Plans can be found on the District's webpage at <https://www.slwsd.com/publications.html>.

The District also has smaller annual operating capital projects that are not typically contained in the Water and Sewer Comprehensive Plan, are at a smaller cost, and do not happen over several years. For 2023, the District recommended \$430,000 in operating capital projects, one of which has been approved to receive \$175,000 in grant funding. District staff reviewed the options for the District Headquarters parking lot resurfacing and will be making a recommendation for the final scope in 2023. A Table was provided to the Board that outlined 2023 Operating Capital Project estimates.

Staff noted that with regards to water capital projects, the Water Capital Improvement cash and investment balances have \$1,847,942 as of September 30, 2022, with another \$8,394,171 in the Water Maintenance Fund. In addition, the Sewer Capital Improvement cash and investment balances are \$3,515,448 as of September 30, 2022, with another \$37,751,487 in the Sewer Maintenance Fund. The District might be required to draw operation cash and investments for either Water or Sewer projects in 2023, depending on the collection of General Facility Fees.

The Board of Commissioners discussed the 2023 Capital Project Report and provided direction to staff for 2023 and 2024 projects.

5.) Development Projects:

a.) Staff Report –Christian Faith Center

Mr. Smith provided a Staff report to the Board of Commissioners regarding the Christian Faith Center.

The Christian Faith Center (CFC) is a complex of buildings on several tax parcel lots located at 13000 21st Drive SE, which is on the north side of 132nd Street SE and across from the District's Reservoir No. 4. The water and sewer systems have been installed in phases over time, with major infrastructure installed in 1986 and 2000.

The sewer system extends from the west and SR 527, but the existing easement only covers the first portion of the pipe. There is a fire hydrant system on the east side of the site with another partial easement, as well as a private backflow assembly that was recently brought up to current standards. Furthermore, neither the water nor sewer systems were included in a Bill of Sale at the time of completion of the development projects.

For consistency with similar infrastructure, the sewer main and fire hydrants should be owned and maintained by the District. To correct this situation, there are three proposed steps:

- Accept Bills of Sale (BOS) for the water and sewer systems to transfer ownership to the District. The BOS was prepared by District staff based on as-built quantities and typical District replacement costs.
- Extinguish the existing partial water and sewer easements.
- Replace with new utility easements covering the portions to be owned and maintained by the District. Note, this would not include the existing backflow assembly at the property line on 21st Drive SE, which would remain private. The existing water and sewer systems were surveyed, and legal descriptions prepared for the new easements by KPG.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners accepted the Bills of Sale for the CFC water and sewer systems.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners authorized the General Manager to execute the extinguishment of the existing easements and approve the proposed new easements for the CFC water and sewer systems.

6.) MAINTENANCE & OPERATIONS REPORTS:

a.) Staff Report –2022 Standards Update

Mr. Smith provided a Staff report to the Board of Commissioners regarding the 2022 Standards Update.

District Design and Construction Standards are in Code Chapter 6.20 and were last updated in 2017. The Standards are divided into five different sections, or Articles, based on the specific subject category, plus typical District details. Article I of the Standards, which are

the General Conditions, was updated in February 2021 along with the revised Developer Extension Agreement form.

Over the last several months, District staff have been working to update Articles II, III, and V for Water, Sewer, and Cross Connection Control, respectively. Concurrently, Gray & Osborne has been working to update the District details in Article VI. Note, that Article IV for Sewer Lift Stations will require a major update and reformatting in 2023, and staff is still collecting new design and construction requirements based on recent development and capital projects.

A draft of the proposed updates was provided to the Board on October 13, 2022, and comments received have been incorporated into the final version. Following is a general summary of the updated Standards:

- Updated to reflect current practices, materials, part numbers, and external references, etc.
- Reorganized sections for material/installation and connection requirements
- Reduced duplication of language for requirements
- Consistency in wording and format
- Clarification of ownership and maintenance responsibilities for District vs. private
- All new water main to be restrained joint pipe for seismic restraint
- Water and sewer connection requirements based on building type/use/codes
- Updated private side sewer text section and details, now requiring the installation of a cleanout at the property/easement line at the time of private side sewer installation
- Details-similar general updates with new title block, some new/deleted/combined details

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved Resolution No. 835 – Amending 6.20 of the District Code.

7.) STAFF REPORTS:

a.) District Engineer:

No further report.

b.) Finance Manager:

Mr. Nelson reported that he has been in contact with members of the State Auditor's Office (SAO) to schedule the District's 2021 Accountability Audit. The Board of Commissioners typically designate one member to attend an Entrance meeting and then at the conclusion of the Audit, a report is made to the full Board at a regular meeting.

Following discussion, by motion made, seconded, and carried unanimously, Commissioner Willner was designated as the representative of the Board of Commissioners for the 2021 Accountability Audit.

Mr. Nelson also reported that there is a gap forming between what the District earns in interest between the business account and the Local Government Investment Pool. Mr. Nelson reported that a transfer will be made to capture more interest earnings.

Mr. Nelson reported that the District has signed the agreement with the Department of Commerce for the Utility Arrearages Funding and is working to clarify eligibility guidelines for the District's customers.

c.) Technical Services Manager:

No further report.

d.) Attorney:

No further report.

e.) General Manager:

Mr. Brees reported that he has scheduled a PTO day for Wednesday, November 23rd.

At 6:00 p.m., the Board Adjourned to Executive Session to discuss matters pursuant to RCW 42.30.110 (1) (g) to review the performance of the District's public employees. At the time of adjournment, Mr. Brees indicated that 30 minutes would be required to discuss the matters.

At 6:30 p.m., the meeting was reconvened. With no further business to discuss and no further action taken, the meeting was adjourned.

This ends the Minutes of the November 22, 2022, special 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 Special Meeting of Commissioners (the "Minutes") is a full, true and correct copy of the Minutes of the November 22, 2022, special 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 December 8, 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 8th day of December 2022.

SILVER LAKE WATER AND SEWER DISTRICT
SNOHOMISH COUNTY, WASHINGTON



Anne Backstrom, Secretary