

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

December 22, 2022

The special meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on December 22, 2022, beginning at 4:30 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 Technical Services Manager James Busch. O&M Manager Ron Berger, Eric Delfel with Gray & Osborne, and Curtis Chambers with Inslee, Best, Doezie, & Ryder, P.S attended by via videoconference. 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). Notice of the Special meeting time was posted on the District website, the District Administration Building, and provided to the Everett Herald.

1.) CALL TO ORDER:

Commissioner Warner called the meeting to order at 4:30 p.m.

2.) APPROVAL OF MINUTES:

The Minutes of the regular meeting of December 8, 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. 19087 - 19140) in the amount of \$389,621.96; Revolving Fund Checks (Check No. 8881 - 8900) in the amount of \$8,560.07, were unanimously approved and signed as follows:

Fund	Amount
Water Maintenance	\$109,495.47
Water Capital Improvement	17,347.29
Sewer Maintenance	222,960.07
Sewer Capital Improvement	39,819.13
Revolving Check Fund	8560.07
Total	\$398,182.03

b. Staff Report –Financial Plan

Mr. Brees reviewed the Staff report to the Board of Commissioners prepared by Mr. Nelson regarding the Financial Plan.

The Silver Lake Water and Sewer District (District) establishes long-term financial priorities by the adoption of the ten-year Water and Sewer Comprehensive Plans. District staff provides the Board of Commissioners with Annual Financial Planning Reports related to projected expenditures for labor, wholesale water and sewer purchases, equipment replacement, capital improvements and associated costs. The Board of Commissioners then provides direction to the General Manager for the development of the Utility Rate Forecast to provide the revenue for projected expenditures. The 2023 Utility Rate Forecast was provided as an attachment.

Staff anticipates a Pass-through Water Rate increase of \$.05 per water unit, a \$3.20 per ERU, per month pass-through for customers in the Everett Sewer Basin, and a \$3.15 per ERU, per month pass-through for customers in the AWWD Sewer Basin. beginning in 2022, the General Manager recommended an Inflation-based Rate increase on all other District costs as inflation rates soared impacting the Districts costs. Tables were provided to the Board of Commissioners that outlined a 2023 Rate increase that only has a pass-through component and one that includes both a pass-through and an inflation-base rate increase.

When reviewing both the actual 2022 financial results versus the 2022 Financial Forecast and the 2023 Financial Forecast, two major components stand out: New Construction Estimates/Revenues and Interest Rate Earnings. For 2022, New Construction Revenues were less than forecast as projects were delayed. However, based on current projections, 2023 New Connections Incomes are forecasted at \$11,257,565 based on completion of some of the delayed projects and the new Cathcart Crossing project. The District's Interest Earnings also increased significantly as the Federal Reserve Bank increased interest rates. The 2023 forecast of \$1,820,000 is based on a projected Washington State LGIP rate of 3.25%.

Based on current assumptions, the District's 2023 Forecasted Operating Statement is forecast to provide \$45,024,205 of total revenues, with \$23,735,025 of operating expenses, and \$3,925,000 in depreciation. The increased revenues related to growth and interest earning should be able to address the increased payroll and operating costs of the District. However, since both estimates rely on economic forces that may be contradictory in nature, increased interest rate will increase the District's investment earning but decrease growth related revenues. The decision on the District's 2023 Rate will be reviewed as we get closer to May 2023, when the pass-through rates are typically adopted. The District is also required to annually report the cost of the Low-income Rate program. For 2023, the program is expected to cost \$66,970.80.

The Board of Commissioners reviewed and discussed the 2023 Utility Forecast.

5.) DEVELOPMENT PROJECTS:

a.) Staff Report –4th Quarter Bills of Sale

Mr. Smith provided a Staff report to the Board of Commissioners regarding the 4th Quarter Bills of Sale.

The Bill of Sale on a Developer Extension (DE) project is the legal mechanism used to transfer ownership of the utility infrastructure from the Developer to the District.

Past practice has been for the Board to accept the Bills of Sale, cumulatively, at the end of each quarter. Only one DE project was completed in the 4th Quarter of 2022. At least two more DE projects, plus the Brasswood Lift Station, are in the closeout stage for potential 1st Quarter of 2023 reporting. It is important to note that by separate action on November 22, 2022, the Board has accepted one other Bill of Sale for existing infrastructure transferred from the Christian Faith Center to the District during the 4th Quarter. The value of this transfer totaled \$412,054.50.

The Creekside West project completed construction and the District is in receipt of the respective Bills of Sale. A summary spreadsheet was provided to the Board of Commissioners that identified the infrastructure value on each project in the 4th Quarter of 2022. Staff requested the Board of Commissioners acknowledge acceptance of the Bills of Sale for the following development project:

- Creekside West – 10 townhomes on 35th Avenue SE, just north of the Pacific Topsoil's site. The settled saddle manhole at the north end of the site was finally stabilized and repaired in September to complete the project. Value attributable to this project is \$303,620.85.

The value of the developer contributed facilities received by the District in the 4th Quarter of 2022 is \$715,675.35. The total developer Bill of Sale contribution in 2022 is \$1,141,066.50.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved the Bills of Sale for 4th Quarter of 2022.

6.) CAPITAL IMPROVEMENT PROJECTS:

a.) Staff Report –4th Quarter CIP Update

Mr. Smith provided a Staff report to the Board of Commissioners regarding the 4th 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. Updated Status Matrixes for active projects in the 4th Quarter of 2022, as well as Developer Extension (DE) projects was provided to the Board of Commissioners.

In addition, for the Board's information is a conceptual phasing plan of the large upcoming Cathcart West/Eastview Village project, just behind the Glacier Peak High School. This project will consist of approximately 320 multifamily apartment units,

1000+ combined townhomes and SFR, and 30,000 square feet of commercial space in several DE phases.

b.) Staff Report-Windsong Lift Station Abandonment Project-Closeout/Retainage Bond Release

Mr. Smith provided a Staff report to the Board of Commissioners regarding the Windsong Lift Station Abandonment Project - Closeout/Retainage Bond Release.

The District awarded the Windsong Lift Station Abandonment Project to Accord Contractors on March 11, 2021. Most work had been completed for the new gravity sewer main from the old Windsong Lift Station to the 45th Avenue SE cul-de-sac in Summer 2021, including the roadway paving and site restoration.

The only remaining field work was on the second portion of the project, which consisted of installing a new surge valve to regulate pressure on the Waldenwood Force main. This work had been delayed, due to supply chain issues and COVID impacts on the contractor's staff but was completed on April 2, 2022. The last project Pay Estimate (No. 4) was approved on May 26, 2022.

After the final prevailing wage paperwork was completed by the contractor and their sub-contractors, District staff sent the project Notice of Completion to the State Departments of Revenue, Employment Security, and L&I. All three release letters have been received from the state agencies, and the contractor's retainage bond can now be released.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners authorized the release of the retainage bond for the Windsong Lift Station Abandonment Project.

c.) Staff Report-2022 Valve & Manhole Adjustments-Pay Estimate No. 3

Mr. Smith provided a Staff report to the Board of Commissioners regarding the 2022 Valve & Manhole Adjustments - Pay Estimate No. 3.

The District awarded the 2022 Valve and Manhole Adjustments Project, in the amount of \$297,020.66, to Quilceda Excavation, Inc. on April 28, 2022. The scope of work consisted of approximately 70 valve and manhole adjustment sites at 20 locations around the District, which involves five different sales tax rates. The scope also included two associated asphalt patch repair sites, along with utility adjustment work along 132nd Street SE that was deferred from the 2021 Unit Price Paving Contract.

Work began on June 23, 2022, and most of the initial work through early August was on 132nd Street SE. Pay Estimate No. 1 was approved by the Board on July 28, 2022, the project was deemed substantially complete on October 15, 2022, and Pay Estimate No. 2 was approved on October 27, 2022.

The final two punch list sites were completed during the week of December 5, 2022, and the project was deemed physically complete on December 9, 2022. The contractor has requested payment for documented and verified work completed through physical

completion in the amount of \$9,487.61. This should be the last regular project pay estimate, and the total project cost is \$243,191.28.

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 can be released. A separate action item will be brought to the Board for the final retainage release.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved Pay Estimate No. 3 in the amount of \$9,487.61.

7.) Interagency Reports:

a.) Staff Report-EWUC Meeting

Mr. Smith provided a Staff report to the Board of Commissioners regarding the EWUC Meeting.

District Engineer Scott Smith attended the Everett Water Utility Committee (EWUC) Meeting on December 15, 2022. The meeting was held virtually and lasted less than 20 minutes. The EWUC Meeting topics included: updates from the Department of Health, status of the Water Conservation Program, an overview of the Water Supply Situation, updates on Everett Capital Projects, and the Everett Rate Increase.

Ms. Jolyn Leslie and Mr. PJ Wilkerson, Department of Health (DOH), provided an update from DOH. The only items discussed were the upcoming "Day with DOH" and water operator awards in Spring 2023, with a minor clarification on the new PFAS Testing process.

Ms. Apryl Hynes, City of Everett, provided a brief report on the Regional Water Conservation Program. An RFP process was recently completed to select a vendor for the new conservation kits, which will be available in early 2023.

Ms. Jennifer Bailey, City of Everett, provided a report on the water supply. The Spada Reservoir storage level is still below normal but refilling quickly, and snowpack is above normal so far. The Water Situation Fact Sheet and a Water Storage Elevation Graph, showing storage levels in the reservoir, were provided to the Board of Commissioners.

Mr. Jeff Marrs and Mr. Soheil Nasr, City of Everett, provided updates on a few water CIP projects. Everett's Reservoir 2 project is nearing the testing phase and should be fully online in June 2023. Their Reservoir 3 project should begin the design phase with the consulting firm of HDR in early 2023 with bidding for construction in 2024. At the Water Filtration and Treatment Plant, their generator project is ongoing, and scoping is underway for a series of Phase 2 improvements.

Mr. Matt Wellborn, City of Everett, provided a brief update on the water rate increase that was approved by the Everett City Council with the attached Ordinance 3909-22 on November 30, 2022.

Due to lack of discussion topics, there was not a Wholesale Sewer Customer Meeting following the EWUC Meeting. The most recent 3rd Quarter Billing Summary Sheet of sewer capital projects was provided.

8.) STAFF REPORTS:

a.) District Engineer:

No further report.

b.) O&M Manager

Mr. Berger provided a brief report to the Board of Commissioners regarding a sewage spill which occurred overnight (12/21/2022-12/22/2022) at the District's Lift Station No. 2 site. At 11:07 p.m., utility power was lost to the site and for an unknown reason, the generator failed to run. In response to alarms sent by the Station, the District's on-call person responded to the site and began to troubleshoot the generator. Utility power was restored at approximately 12:15 a.m. ending the overflow event. It is estimated that the wet well began to overflow at approximately 11:45 p.m. Preliminary cleanup was completed today, and a spare trailer mounted generator was brought to the site and connected to the Automatic Transfer Switch. The trailer mounted generator will remain in place until the regular generator is diagnosed and repaired.

c.) Technical Services Manager:

No further report.

d.) Attorney:

No further report.

e.) General Manager:

Mr. Brees reviewed the District office and staff schedules for the upcoming week.

This ends the Minutes of the December 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 meeting of Commissioners (the "Minutes") is a full, true, and correct copy of the Minutes of the December 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 January 12, 2023, 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 th 12 day of January 2023.

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


Secretary