

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

March 9, 2023

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on March 9, 2023, 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, O&M Manager Ron Berger, and Finance Manager Brad Nelson. Technical Services Manager James Busch, Eric Delfel with Gray & Osborne, Inc., and Curtis Chambers with Inslee, Best, Doezie & Ryder P.S., Attorney for the District, attended via teams meeting. 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 Willner called the meeting to order at 5:30 p.m.

**2.) APPROVAL OF MINUTES:**

The Minutes of the regular meeting of February 23, 2023, were unanimously approved by the Board as circulated.

**3.) PUBLIC COMMENT:**

Mr. Brees reported that he had corresponded with two customers, regarding the calculation of leak credit in one case and a high bill for the second. They both had requested to provide comment; however, no member 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. 19397 - 19456) in the amount of \$324,344.51; Revolving Fund Checks (Check No. 8978 - 8996) in the amount of \$236,972.42, were unanimously approved by the Board and signed as follows:

<b>Fund</b>	<b>Amount</b>
Water Maintenance	\$72,463.45
Water Capital Improvement	30,588.94
Sewer Maintenance	36,981.89
Sewer Capital Improvement	184,310.23
Revolving Check Fund	236,972.42
<b>Total</b>	<b>\$561,316.93</b>

**5.) DEVELOPMENT PROJECTS:**

**a.) Staff Report – 4<sup>th</sup> Quarter Financial Reports**

Mr. Nelson provided a Staff report to the Board of Commissioners regarding the 4<sup>th</sup> Quarter Financial Reports (December 31, 2022, Pre-closing).

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 reports is considered Pre-closing reports, which means the financial information does not include closed construction work in process and final accrued information for revenues and expenses. Clifton, Larson, Allen is scheduled to begin the financial statement preparation on March 20, 2023.

The District's Fourth Quarter Pre-closing Revenues from all sources are \$31,603,408. This was an increase of \$1,329,287, compared to the Fourth Quarter of 2021. Charges for Services revenues increased by \$3,009,816, driven by the 2022 rate increase; however, this increase was mostly offset by a decrease in New Connection Revenues of \$2,998,285. Rising interest rates, transferring more funds to the Local Government Investment Pool, and a commitment from Columbia Bank to pay a higher interest rate on the District's Money Market Funds increased Interest Income.

A Table was provided to the Board that outlined the Total Revenues from 2021 and 2022. The Board should note that the (\$33,219) negative Other Revenues for 2021 relates to the writing off the net book value for the old Waldenwood and Windsong Lift Stations when they were replaced by new facilities.

A Table was provided to the Board that outlined the District's Annual New Customer Revenue, separated by Bills of Sale (Donated Water and Sewer Systems) and New Connection Fee (Cash paid by New Customers as a General Facility Charge) revenues from 2014 to 2022. Tables were provided to the Board that represent the annual New Customer Revenues. There were \$729,012 of Bills of Sale revenues and \$597,465 in General Facility Charges. This is a reduction of \$3,083,784 compared to the Fourth Quarter of 2021. This reduction of General Facility Fee revenues coupled with the higher Capital Facility Project expenses will most likely require a cash transfer between the maintenance funds and the construction funds in early 2023.

Special Connection Fee collections are not included with the new connection revenues data since they represent repayment of the District's investments in projects, that are recovered from the benefited properties. The District has collected \$455,286.70 in Special Connection Fees on outlays of \$2,789,395.56. For 2022, the District collected a total of \$71,919.10 of Special Connection Revenues. A Table was provided to the Board that outlined the District's collection of Special Connection Revenues since their inception.

The District received \$1,288,012 more in Water Service Revenues, mainly attributed to the rate increase that was implemented in May 2022. Overall, customer water consumption (measured in units, one unit equals 100 CF) decreased for 2022 by 3.55% or 123,592 units.

Three Tables were provided to the Board that showed customer water consumption in units over time.

The District's total pre-closing expenses for the Fourth Quarter of 2022 were \$25,871,337, which is an increase of \$2,510,161 compared to the Fourth Quarter of 2021. Except for the City of Everett's direct water purchases, all the purchased water and sewer invoices are reflected in the 2022 expenses. The District received these bills on March 6, 2023, for \$23,636.04.

Currently, the District's Pre-closing Net Income through December 31, 2022, is \$5,732,071, which is a decrease from 2021 of \$1,180,875.

As of October 12, 2022, the District currently has seven accounts, out of 18,645 metered water connections, delinquent with a property lien filed. The total delinquent amount of these seven accounts with a filed property lien is \$16,864.29. On October 30, 2021, the District created Installment Plans for 195 customers, totaling \$188,293.73. As of October 12, 2022, only 33 customers remain on installment plans totaling \$7,668.80. The District also files a Proof of Claim for \$405.72 in a bankruptcy filing for one customer that included \$102.00 of unbilled installment plan. This is the first non-commercial notice of bankruptcy the District's filed in three years. Staff expects an increase in the number of bankruptcies being filed in 2023.

The District's cash and investments totaled \$58,819,384.54, which was an increase of \$6,171,700.22 from December 31, 2021.

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

- Thomas Lake Lift Station – The District awarded the bid to McClure and Sons and work has started. Financial information includes Change Order No. 1 for \$18,776.11 and Change Order No. 2 for \$16,119.60, plus sales tax of \$3,664.05.
- Pioneer Trails Lift Station – Design is ongoing, the total approved fee for the scope to complete the final design is \$391,902. The most recent estimate for construction is \$4,300,000. When the project bids are received, staff will provide a recommended project budget.
- 2022 Valve and Manhole Project – Design has been complete, and the construction contract has been awarded to Quilceda Excavation. The work is complete, and the District is holding \$11,026.93 in retainage. The final accounting will be provided when the retainage is paid.
- Lift Station No. 4 Generator Upgrades – The District awarded the bid to Colvico, Inc. and work has started. Construction has started but the generator delivery is scheduled for June 2023.

**6.) CAPITAL IMPROVEMENT PROJECTS:**

**a.) Staff Report – Thomas Lake Lift Station Replacement & Pay Estimate No. 10**

Mr. Smith provided a Staff report to the Board of Commissioners regarding the Thomas Lake Lift Station Replacement project and Pay Estimate No. 10.

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, and Change Order No. 2 in the amount of \$16,119.60 was approved by the Board on December 8, 2022. Pay estimates will be approved by the Board monthly as needed.

In the month of February, work mainly consisted of work on the wet well and new electrical control building. The concrete cable trench from the exterior control panel to the wet well was formed for an upcoming concrete pour, which is pending final delivery of some necessary parts. Electrical work continued with installation of interior conduits, breaker boxes and control panels, along with some of the building HVAC system.

Work included in Pay Estimate No. 10 for the month of February primarily consists of percentages of the Lift Station Replacement and Electrical lump sum bid items.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved Pay Estimate No. 10 in the amount of \$120,682.95.

**b.) Staff Report – Consultant Contract for CIPP (Cured-In-Place-Pipe) Inspection**

Mr. Smith provided a Staff report to the Board of Commissioners regarding the Consultant Contract for CIPP Inspection.

On October 13, 2022, the Board approved an Interlocal Agreement in the amount of \$2.38 million with Alderwood Water & Wastewater District (AWWD) for the 2023 Sewer Relining Project. The scope of the District work in this second round of CIPP lining is approximately 21,600 feet of concrete pipe, ranging in diameter from 8 to 18 inches in the northern portion of the District. This would rehabilitate about one-third of the concrete pipe inspected in 2020.

AWWD opened bids on February 15, 2023, and is planning to award the contract at the Board of Commissioners meeting on March 6, 2023. The lowest bidder was Iron Horse, LLC, who was also the contractor on the 2022 CIPP work and did an excellent job. The cost of the Silver Lake portion of the work was \$1,881,527.00, or approximately \$85,500 less than the engineer's estimate. The exact timeline of the District work is still TBD but is likely to begin in the next few months.

Due to the size of the proposed pipe lining scope, existing Developer Extension projects, and upcoming District capital work, staff proposed using a specialized dedicated consultant for inspection of the CIPP work. The CIPP work will require approximately 75 inspection days, which is too much for a single internal inspector with limited backup to handle

effectively and provide an acceptable level of coverage elsewhere. District staff interviewed two potential firms for the CIPP inspection work in early February, Staheli Trenchless Consultants and The Blueline Group.

Staheli is a locally recognized subject matter expert in trenchless construction work such as pipe lining. They did the inspection for at least two participating agencies in the 2022 CIPP work with excellent results and are doing the same for Mukilteo Water and Wastewater District in 2023. Blueline does not have as much specialized CIPP inspection experience but are doing both the field inspection and overall construction management of the 2023 project for AWWD.

It was a close decision, but District staff recommended award of a contract with Staheli Trenchless Consultants, for CIPP inspection services on the 2023 Sewer Relining Project with AWWD. The estimated cost of the inspection work is \$163,330, the construction cost of the 2023 CIPP work with AWWD is \$2,126,125 including sales tax and administrative costs, and approximately \$10,000 is needed for WSDOT traffic control permitting on Seattle Hill Road for a total project cost of \$2.3 million.

A project estimate in the amount of \$2,500,000 was included in the 2023 CIP Financial Plan for Sewer Rehabilitation work, which would leave a remaining contingency amount of \$200,000.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved a contract with Staheli Trenchless Consultants with a scope and fee in the amount of \$163,330.00, for CIPP inspection services on the 2023 Sewer Relining Project with AWWD.

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

### **a.) Staff Report – Equipment Purchase – Wet Well Wizard**

Mr. Berger provided a Staff report to the Board of Commissioners regarding the Equipment Purchase – Wet Well Wizard.

District staff were recently contacted by the NW Territory Manager for a company called InfoSense. InfoSense represents a product called the Wet Well Wizard, which is a device that is placed into a wet well at a lift station that has problems with odor and heavy grease buildup. The District has these odor and grease issues at several its sewage lift stations and recommends installing a unit to test.

The Wet Well Wizard mounts in the bottom of the well and is submerged while a surface air pump provides a constant supply of air to the unit. The Wizard unit operates 24/7, providing the ejection of a continuous flow of “cleaved” bubbles into the wet well water that breaks up and liquifies the FOG grease layer and reduces associated odors.

The proposed test location for the unit is the Highlands East Lift Station site located at 12601 71st Drive SE, Snohomish. This site has both odor and a heavy buildup of grease that is a reoccurring maintenance issue. District crews use a Vactor truck to clean the wet

well at this site regularly. Lucity maintenance records indicate crew staff cleaned this wet well four times in 2022. Average crew cost with Vactor truck and dumping at the Everett Treatment Facility is \$1,500 per cleaning.

The cost of this unit with the silencing weather enclosure would be about \$10,000 including tax and shipping. District staff will install the unit.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved the purchase of the Wet Well Wizard.

**b.) O & M Update – Water Main Break on 132<sup>nd</sup> Street**

Mr. Berger provided an update and PowerPoint Presentation to the Board of Commissioners regarding the Water Main Break on 132<sup>nd</sup> Street. This main break was located on a 12” Cast Iron Water Main installed in 1967 just West of the intersection with 39<sup>th</sup> Avenue SE. The break occurred in the evening hours of March 1<sup>st</sup>. As no customers are directly supplied by the main, isolation valves were operated to reduce pressure and the leakage rate overnight. The following morning, District crews assembled and mobilized on site to locate the break and repair it utilizing a repair band. As the location is a major arterial roadway, a contract paver will be brought in to repair the roadway as soon as possible.

**c.) Set Special Meeting Date**

Mr. Brees discussed with the Board of Commissioners about setting a Special Meeting date of 4/11/23 and cancellation of the Regular Board meeting on 4/13/23, due to WASWD Spring Conference.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners cancelled the Regular Board meeting on 4/13/23 and set a Special meeting date for 4/11/23.

**8.) INTERAGENCY REPORTS:**

**a.) Update on WASWD**

Mr. Brees provided an update to the Board of Commissioners regarding the WASWD Changes to L&I Retrospective Rating Program and Memberships which will be considered at the Association Business Meeting in April.

**9.) STAFF REPORTS**

**a.) District Engineer**

No further report.

**b.) Finance Manager**

Mr. Nelson reported that he and his team have completed the District’s preparatory work to support the 2022 Financial Statements.

Mr. Nelson provided a summary of some recent customer contacts including the two customers that had expressed interest in attending the meeting and providing public comment.

Mr. Nelson reported that a new hydrant meter has been deployed that utilizes the Badger Cellular Meter Reading technology. It is hoped that this will simplify and more accurately track use of hydrants by construction contractors.

c.) **O & M Manager**

No further report.

d.) **Technical Services Manager**

No further report.

e.) **Attorney**

No further report.

f.) **General Manager**

No further report.

At 6:10 p.m., the Board Adjourned to Executive Session to discuss matters pursuant to RCW 42.30.110 (1) (i) to discuss with legal counsel representing the agency litigation matters. At the time of adjournment, Mr. Brees indicated that 10 minutes would be required to discuss the matters.

At 6:20 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 March 9, 2023, 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 March 9, 2023, 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 March 23, 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 \_\_\_\_ day of March 2023.

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

  
**John Warner, Secretary**