

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

April 27, 2023

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on April 27, 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, and Finance Manager Brad Nelson. Technical Services Manager James Busch, Eric Delfel with Gray & Osborne, and Curtis Chambers with Insee, Best, Doezie, and Ryder P.S., Attorney for the District 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 Willner called the meeting to order at 5:30 p.m.

2.) APPROVAL OF MINUTES:

The Minutes of the special meeting of April 11, 2023, were unanimously approved as circulated.

3.) PUBLIC COMMENT:

Mr. Brees explained that a separate opportunity for public comment would be provided for comments pertaining to the 2023 Water and Sewer Rates. No members of the public were present to provide comment currently.

4.) PUBLIC HEARING:

a.) Staff Report – 2023 Water & Sewer Rate Increase & Resolution No. 840

A public hearing, staff presentation, and Resolution adjusting water and sewer service rates were considered by the Board of Commissioners.

Public Hearing:

Mr. Brees provided a summary of how public notice of the hearing was provided including publication in the Everett Herald, posting on the District's website, and posting the door of the District's office. Mr. Brees detailed the process steps for conducting the hearing.

Commissioner Willner opened the Hearing at 5:35 p.m. There were no members of the public in attendance that wished to provide testimony.

Staff Report:

Mr. Nelson provided a Staff report to the Board of Commissioners on the Water and Sewer Service Rates and Resolution No. 840.

On December 22, 2022, the Board of Commissioners received a Staff report regarding the 2023 Water and Sewer Rate forecast which outlined the draft 2023 Water and Sewer rates.

At this time, the contractual water and sewer treatment rates were being forecasted by the respective agencies.

The largest District annual costs are for purchased water and sewer treatment services. While all the water the District purchases is produced by the City of Everett, the District purchases the water under three different contracts: The Clearview Water Supply Agency (CWSA), as a wholesale customer of the Alderwood Water & Wastewater District (AWWD), and as a retail wholesale customer directly from the City of Everett. The District purchases sewer treatment from either AWWD, with treatment provided by King County, or the City of Everett. Historically, the District has passed through the per unit water and sewer treatment increases under the “pass through or wholesale” description. This ensures the District accounts for changes in wholesale costs annually.

In addition to water and sewer treatment costs, all other costs incurred by the District included a portion of the rate described as “District portion”. District costs increase on a wide variety of factors, like higher service standards to customers; new regulations; increasing costs for goods and services purchased by the District; changing labor costs; or other factors. In 2022, the District began including an inflationary increase to the annual rate adjustment, for the other costs which were being significantly impacted by inflation. At the December meeting, the Board directed staff to prepare options for both a “pass-through” only rate adjustment and a “pass-through with an inflationary index rate adjustment option”.

On April 11, 2023, the Board of Commissioners received a Staff report with the most current contractual water and sewer treatment rate increases and authorized a Public Hearing to discuss the 2023 Water and Sewer Rate increases with both a “pass-through” only option and a “pass-through” with an inflationary index option. The General Manager recommended an Inflationary Index adjustment of one-half the Oct-Oct CPI-W of 9.41%, or 4.70%. Tables were provided to the Board of Commissioners that outlined the rate impact under each scenario.

Staff has also included the 2023 Peer Agency Rate review; the rate comparison between the 2022 and 2023 Water and Sewer Rates; the 2023 customer impact for both the Everett and AWWD Sewer Basins; and the 2023 Water and Sewer Rate Tables under both scenarios were provided to the Board of Commissioners. Given the two separate rate scenarios and two sewer basins, staff highlighted the General Manager’s recommended Pass-Through Plus Inflation Index 4.7% in Yellow and the Pass-Through Only in Blue.

Staff provided two versions of Resolution No. 840, 1) with the Pass-Through only, and 2) with the Pass-Through and CPI-W Index of 4.70%, depending on the scenario the Board of Commissioners will adopt.

Discussion:

When the staff presentation concluded, there were no further questions or testimony. The Commissioners deliberated, and the Hearing was closed at 5:50 p.m.

Action:

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved and executed Resolution No. 840 – Adopting New Water and Sewer Rates and Amending Service Fees (with a pass-through adjustment and a CPI adjustment of 4.70%). Resolution No. 840 Amends Chapter 9.05.020, Entitled “Water and Sewer Rates”.

5.) FINANCIAL MATTERS:

a.) Staff Report – 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. 19595 - 19663) in the amount of \$1,291,809.37; Revolving Fund Checks (Check No. 9042 - 9061) in the amount of \$79,018.75, were unanimously approved and signed as follows:

Fund	Amount
Water Maintenance	\$335,855.44
Water Capital Improvement	11,457.02
Sewer Maintenance	899,290.03
Sewer Capital Improvement	45,206.88
Revolving Check Fund	79,018.75
Total	\$1,370,828.12

b.) Staff Report – Financial Reports, March 31, 2023 (Pre-Closing)

Mr. Nelson provided a Staff report to the Board of Commissioners regarding the Financial Reports, March 31, 2023 (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 closing 2022 construction work in process (CWIP) to fixed assets and accrued expenses.

The District’s First Quarter Pre-closing Revenues from all sources are \$8,093,835. This was an increase of \$1,195,073, compared to the First Quarter of 2022. Charges for Services revenues increased by \$512,755, driven by the 2022 Rate increase. New Connection Revenues increased by \$70,845. Other Revenues increased by \$611,473, mainly due to higher interest rates.

A Table was provided to the Board of Commissioners 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 2023. Tables were provided to the Board that also represented the annual New Customer Revenues. There were \$210,195 of Bills of Sale revenues and \$59,235 in General Facility Charges.

Special Connection Fee collections are not included with the new connection revenues data since they represent repayment of the District’s investments in projects to serve new

customers. The District has collected \$455,286.70 in Special Connection Fees on outlays of \$2,789,395.56. A Table was provided to the Board that outlined the District's collection of Special Connection Revenues since their inception.

The District received \$169,975.11 more in Water Service Revenues, mainly attributed to the rate increase that was implemented in May 2023. Customer water consumption (measured in units, one unit equals 100 CF) is almost the same, 57 units more between the First Quarter of 2022 and 2023. Three Tables were provided to the Board of Commissioners that showed customer water consumption in units over time.

The District's total pre-closing expenses for the First Quarter of 2023 were \$5,268,497, which is an increase of \$210,570 compared to the First Quarter of 2022.

Currently, the District's pre-closing Net Income through March 31, 2023, is \$2,825,337, which is a decrease from 2022 of \$984,502.

As of April 21, 2023, the District currently has five accounts out of 18,645 metered water connections, delinquent with a property lien filed. The total delinquent amount of these five accounts, with a filed property lien, is \$14,675.59. On October 30, 2021, the District created Installment Plans for 195 customers, totaling \$188,293.73. As of April 21, only 31 customers remain on Installment Plans, totaling \$5,206.10. All the accounts are on Billing Cycle 1 and will be billed their final installment plan amount on April 30, 2023. On April 12, 2023, the District mailed out twelve Notice of Intent to file lien letters to customers, with a total amount due of \$6,931.50. These customers have previously been disconnected for non-payment. We anticipate two to three customers will have liens filed in May.

The District's cash and investments totaled \$57,788,924.53, which was a decrease of \$230,460.01 from December 31, 2022.

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. Work continues the project.
- Pioneer Trails Lift Station – Design is ongoing, including Change Orders No. 1 and No. 2, the total contractual design costs are \$583,200. The most recent estimate for construction is \$4,300,000. When the project bids are received, staff will provide a recommended project budget.
- 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.

- 2023 Sewer Rehabilitation (Re-Lining) – The 2018 Sewer Comprehensive Plan allocated \$2,500,000, or \$500,000 every two years, for Concrete Sewer Rehabilitation. The District has partnered with Alderwood Water & Wastewater District for better project economy of scale savings. For 2022, the District spent \$477,390.38 on concrete sewer rehabilitation. For 2023, the District is planning \$2,546,050 on project costs.

6.) **DEVELOPMENT PROJECTS:**

a.) **Staff Report – Ashford 9 DE**

Mr. Smith provided a Staff report to the Board of Commissioners regarding the Ashford 9 DE.

This 9-lot development is located on the east side of Sunset Road, just South of Strumme Road, and adjacent to an electrical transmission line corridor. The parcel has one SFR with several outbuildings and is on a well with a septic system, all of which will be removed and decommissioned as a part of the project.

There is an existing 12-inch water main in Sunset Road on the west side of the property. A new 8-inch water main with a new fire hydrant will run along the new internal road to the eastern property line, with meters provided to each lot.

There is also an existing unused sewer main and manhole in Sunset Road on the west side of the property. A new 8-inch sewer main will connect just south of the manhole and run along the new internal road to the eastern property line. This will provide gravity service with individual connections to each unit, and end with a manhole.

During the formal plan review phase, District staff will consider whether to remove the existing dead-end manhole or leave in place. If Snohomish County revises the Municipal Urban Growth Area Boundary Line, future sewer connections would likely flow down Strumme Road and Sunset Road from the north.

Staff requested the Board of Commissioners accept the Developer Extension Agreement for the Ashford 9 project.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners authorized the General Manager to approve the Ashford 9 DE.

b.) **Staff Report – Cathcart Crossing DE Modifications**

Mr. Smith provided a Staff report to the Board of Commissioners regarding the Cathcart Crossing DE Modifications.

On June 8, 2021, the Board approved a Developer Extension Agreement with Pacific Ridge – DRH for the Cathcart Crossing onsite work at the southwest corner of the intersection of Cathcart Way and SR 9. This development consists of 286 townhome units and two commercial buildings, plus a new sewer lift station as a separate DE. Construction began on the water and sewer system at the end of March 2023.

The developer has requested to break the project into two phases to obtain earlier connection permits and begin vertical construction on the buildings. The proposed Phase 1 would consist of approximately the western third of the site and would be able to be served by gravity sewer prior to completion of the lift station. Phase 2 would consist of the remaining site (East portion) that would flow to the new lift station. The corresponding phasing of the water system would still enable adequate fire flow to be provided at all times.

The developer is also currently working through a redesign of the sewer system in Phase 1, to reduce the amount of deep excavation required in hard rocky material that has been encountered on the site. Otherwise, the overall scope of the full project and the lift station remains unchanged, but the completion, acceptance, and connection permits would be broken into two phases. This will essentially be a paperwork exercise for District staff with a new set of signatures on two agreements, but a new DE application and Construction Administration fee will be assessed on Phase 2 to cover staff costs.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners authorized the General Manager to execute two modified Developer Extension Agreements for the Cathcart Crossing Project onsite work, Phases 1 and 2.

c.) Staff Report – Cowles Short Plat DE

Mr. Smith provided a Staff report to the Board of Commissioners regarding the Cowles Short Plat DE.

The 4-lot development is located within the City of Mill Creek in the 13700 block between 41st and 42nd Avenues SE. The parcel has one SFR, which has an existing water service but is on septic. The existing structure will be removed and septic decommissioned.

There is an existing 4-inch water main in the private drive on the north side of the property that was installed in 2007. Three new water meters will be installed by District crews for Lots 1 – 3, and the existing water meter will be utilized for Lot 4.

There is also an existing sewer main in the private drive on the north side of the property. Four new sewer laterals will be installed from the existing sewer main, which is the trigger for the Developer Extension Agreement. This will provide gravity service with individual connections to each new lot.

Staff requested the Board of Commissioners accept the Developer Extension Agreement for the Cowles SP project.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners authorized the General Manager to approve the Cowles Short Plat DE.

d.) Staff Report – Jolokai ADU DE

Mr. Smith provided a Staff report to the Board of Commissioners regarding the Jolokai ADU DE.

The existing SFR and proposed ADU, which is really another 3200 square foot house, are located in the Cross Valley Water District near the intersection of 116th Street SE and 51st Avenue SE.

However, the parcel is currently a Silver Lake Water customer, due to the location of the existing Cross Valley water mains and has dead end Silver Lake sewer mains near the two southern property corners. In accordance with the adopted November 2022 development standards, a new water meter would be required for the proposed ADU and would be installed by District crews.

The new ADU is located on a high point on the southwest corner, and the property slopes down to the east. Consequently, a new sewer manhole and two laterals will be installed at the end of the existing southeastern sewer main, which is the trigger for the Developer Extension Agreement. This will provide gravity service with individual connections to each structure.

Staff requested the Board of Commissioners accept the Developer Extension Agreement for the Jolokai ADU project.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners authorized the General Manager to approve the Jolokai ADU DE.

7.) **CAPITAL IMPROVEMENT PROJECTS**

a.) **Staff Report – Pioneer Trails Lift Station Mitigation Credit**

Mr. Smith provided a Staff report to the Board of Commissioners regarding the Pioneer Trails Lift Station Mitigation Credit Purchase.

On January 12, 2023, the Board approved a Consultant Design Contract with Consor, to complete the design of the Pioneer Trails Lift Station Replacement. The new lift station facility will consist of a wet well and three submersible pumps with an increased capacity of 3,100 gpm, along with new meter and valve vaults, upsized force main onsite, a new covered generator and fuel tank, and an enclosed electrical building. The latest estimated construction cost of the new Pioneer Trails Lift Station Replacement is \$3,770,000.

Due to the deep 35' wet well and limited space on the existing site, there was little choice but to expand the footprint of the lift station into the HOA open space, which is in the buffer area of the adjacent wetland bog. The lift station boundaries would be expanded 30 feet to the east and 10 feet to the north, plus another 10-foot temporary construction easement. To offset the impacts of the lift station expansion into the adjacent critical areas, extensive replanting will be required in the disturbed areas onsite.

However, due to the classification of the adjacent wetland bog, additional mitigation work is required, but space is not available on the site. Consequently, the District will need to purchase 1,245.3 mitigation credits in the amount of \$31,443.83 at an offsite location called the Keller Farm Mitigation Bank. Offsite mitigation credit purchase is an increasingly common way to offset the impacts on a project where there is no room on site, but an identified similar need elsewhere.

Design and permitting work are nearly complete, and the project was advertised for construction bids beginning on April 25, 2023, with the bid opening on May 17, 2023. The purchase of the offsite mitigation credits will enable Snohomish County to finalize the environmental permit for the project but should not affect the final bid package.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved the proposed Mitigation Credit Purchase Agreement with the Keller Farm Mitigation Bank in the amount of \$31,443.83, for the Pioneer Trails Lift Station Replacement Project.

8.) MAINTENANCE AND OPERATIONS

a.) Update on Holdover Lease Agreements with Crown Castle

Mr. Brees provided an update to the Board of Commissioners regarding the Holdover Lease Agreements with Crown Castle. Holdover agreements, with a term of three months, were approved by the Board of Commissioners on March 23, 2023. Crown Castle has failed to act on these agreements and has only recently indicated their intent to sign the agreement and pay the rent that is due for the holdover term. Mr. Brees anticipates Crown Castle will act to execute the agreements and pay the rent that is due, but if there is further delay, Mr. Brees requested that the Board of Commissioners authorize him to act in the interest of the District and to grant the authority to rescind or revoke the Holdover Lease Agreements if Crown Castle fails to act.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners authorized the General Manager to act in the best interest of the District regarding the Holdover Lease Agreements with Crown Castle, including the authority to rescind or revoke the agreements if Crown Castle fails to act in a timely manner.

9.) INTERAGENCY REPORTS

a.) Staff Report - Clearview Water Supply Agency Meeting (CWSA)

Mr. Brees provided a summary to the Board of Commissioners of a Staff report regarding the Clearview Water Supply Agency meeting.

Commissioner John Warner and General Manager Curt Brees attended the Clearview Water Supply Agency (CWSA) Meeting held on April 19, 2023. The meeting was held virtually via MS Teams. The meeting topics included reports on operational issues, financial report with approval of disbursements and vouchers from February and March, and a discussion on the draft Long Range Facility Plan.

Tyler Gardner with AWWD, provided an update on the operations of the Clearview Pump Station, during the months of February and March. It was reported that there was only one afterhours callout during the period. Routine maintenance work has been ongoing at the pump station and average pumping rates are higher this year, at 9.2 MGD. The higher flow rates are attributable to increased demand by AWWD on the East side of I-5 following system improvement projects. Mr. Gardner also provided an update and cost estimate to install a secondary air compressor that supplies air to operate the flow control valves. Earlier this year the existing compressor failed and required the station to shut down until

the repairs were made. The Board authorized the purchase of the equipment to install a secondary air compressor. AWWD staff will complete the installation work.

AWWD's Finance Manager, Loretta Smith Kelty, provided a brief Financial Report for the months of February and March. The Board was asked to approve disbursements in the amount of \$398,827, and vouchers in the amount of \$495,918. The District's utilization was 25.41% of the total volume in March. Assets of the CWSA totaled \$1,197,892.60 on March 31, 2023.

Cameron Ochiltree with BHC provided a summary of the draft Long Range Facility Plan, a planning effort that has been underway for more than a year with the goal of forecasting future demand, reviewing existing infrastructure, and developing a Capital Facilities Plan for the Clearview Water Supply Agency. A presentation, reviewed by Mr. Ochiltree, is included as an attachment to this report. To review the draft planning in greater detail, the Board will be meeting every month for the next few months and in a hybrid format.

The next meeting of the CWSA Board is scheduled for Wednesday, May 17th, at 2:30 p.m., in person and via MS Teams.

Mr. Brees reviewed a summary presentation prepared by BHC that provides an overview of the Long Range Facility Plan with the Board of Commissioners.

b.) Staff Report – Everett Water User Committee (EWUC)

Mr. Brees presented a Staff report to the Board of Commissioners regarding the Everett Water User Committee (EWUC).

General Manager Curt Brees and District Engineer Scott Smith attended the Everett Water Utility Committee (EWUC) Meeting on April 20, 2023. The meeting was held in a hybrid format with a virtual option using Teams. The EWUC Meeting topics included: updates from the Department of Health, status of the Water Conservation Program, an overview of the Water Supply Situation, and updates on Everett Capital Projects. A brief Sewer Wholesale Customer discussion was held after the EWUC meeting to review the planned capital project spending at wastewater treatment plant and calculation of the rates for 2023/2024.

Mr. P.J. Wilkerson, Department of Health (DOH), provided an update from DOH. Mr. Wilkerson reviewed the schedules and loan types available for new SRF loans, deadlines for the Lead Service Line Inventory and new proposed standards by the EPA for PFOS/PHOA substances. Mr. Wilkerson provided links to more information on each of the topics that he covered.

Ms. Apryl Hynes, City of Everett, provided a brief report on the Regional Water Conservation Program. A report on program outcomes for 2022 has been finalized and distributed for utilities to include in their Water Use Efficiency reporting. New Conservation kits have been ordered and it is anticipated that they will be delivered soon.

Mr. Soheil Nasr, City of Everett, provided a report on the water supply. The Spada Reservoir storage level is still slightly below normal; however, snowpack is above normal. It's forecasted that there will be ample supply for 2023. 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. Soheil Nasr and Mr. Jeff Marrs, City of Everett, provided updates on a few water CIP projects. Everett's Reservoir 2 project is nearing completion. The Reservoir 3 project is proceeding with design with plans for construction in 2024. In this project, 8 MG of new storage will be built first, then the existing 20 MG reservoir will be demolished. In the final phase, additional storage of at least 12 MG will be built. At the Water Filtration and Treatment Plant, the generator project is ongoing, and anticipated to be completed before the end of the year. Supply chain issues are impacting this project, but rented generators are in place until the project is complete.

Ms. Anna Thelen provided an update on the LCR survey that was sent out. Most participants (including the District) have expressed interest in continuing to participate in a regional program for the lead and copper sampling programs. Ms. Thelen also reported that the City and most other suppliers will be sampling for PFOA/PFOS this year as part of the UCMR; however, it is not expected to be present from the regional supply as there are no known sources of pollution in the Everett watershed.

The Wholesale Sewer Customer Meeting followed the EWUC Meeting. The most recent 1st Quarter Billing Summary Sheet of sewer capital projects was briefly reviewed and was attached for the Commissioners review. There is only one project that the City is currently working on with current expenditures and projections for the future. The wholesale customers discussed the rate calculations for 2023/2024 with the City staff noting that it was provided very late this year and that there are still several open requests for additional information to review the calculations. There was discussion about potentially moving back the effective date of rate change, to allow the City more time to close their books and present final information together with the calculations. All parties expressed interest in improving the process.

9.) STAFF REPORTS:

a.) District Engineer:

No further report.

b.) Finance Manager:

Mr. Nelson reported that Snohomish County staff that are administering the Low-Income Household Water Assistance Program (LIHWAP) has shared with District staff that the program will be ending in September as the Federal funding for the program is ending. Mr. Nelson shared that this would impact a large number of low-income customers as the program had been providing substantial assistance for water and sewer bills.

c.) IT Manager:

Mr. Busch reported that the A/V improvements have been completed in the Board Room. The financial plan included a project to replace both the overhead projector and monitor

display. The replacement of the projector was deferred due to cost, and it was determined that we could use the existing projector until it fails without a significant impact to operations. The new monitor is slightly larger and mounted a bit differently to the wall, the monitor was used in the meeting tonight.

d.) **Attorney:**

Mr. Chambers provided a recap of the Westwater vs. L&I Prevailing Wage dispute where the Director of L&I has reversed the determination of department staff and the Administrative Hearing judge. The Director's determination is favorable to the District.

e.) **General Manager**

Mr. Brees reported that a recruitment for a Utility Maintenance Worker I or Utility Maintenance Worker II has been published to fill the position vacated by Dylan Burns who relocated to Tennessee.

This ends the Minutes of the April 27, 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 April 27, 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 May 11, 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 11 day of May 2023.

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


John Warner, Secretary