

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

May 25, 2023

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on May 25, 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, O&M Manager Ron Berger, District Engineer Scott Smith, and Finance Manager Brad Nelson. Eric Delfel with Gray & Osborne, Curtis Chambers with Inslee, Best, Doezie, and Ryder P.S., Attorney for the District, and David Hoagland with Clifton Larson Allen. 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 regular meeting of May 11, 2023, were unanimously approved as circulated.

3.) PUBLIC COMMENT:

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

4.) 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. 19719 - 19773) in the amount of \$422,511.27; Revolving Fund Checks (Check No. 9077 - 9100) in the amount of \$81,796.66, were unanimously approved and signed as follows:

Fund	Amount
Water Maintenance	\$166,637.37
Water Capital Improvement	6,524.65
Sewer Maintenance	240,464.89
Sewer Capital Improvement	8,884.36
Revolving Check Fund	81,796.66
Total	\$504,307.93

b.) Staff Report – 2022 Financial Statements

Mr. Nelson provided a Staff report to the Board of Commissioners regarding the 2022 Financial Statements.

The 2022 Financial Statements were provided to Commissioners via SharePoint for review. The statements are required to be submitted to the State Auditor's Office by May 30, 2023.

The District has moved to an annual audit schedule with Clifton Larson Allen performing the Financial Statement audit and the Washington State Auditor's Office performing the Accountability (Compliance) audit. Both audits would be conducted later in the fall.

Mr. David Hoagland, with Clifton Larson Allen, reviewed key points of the draft 2022 Financial Statements with the Board of Commissioners. Areas of focus included net position, revenues and expenses, and long-term liabilities (primarily debt from PWTF loans). Mr. Hoagland reported that the District's overall financial position continues to be strong with sufficient liquidity, growing revenues, and debt capacity to finance future capital improvements. In 2022, the District's Net Contribution to Assets (Net Income) was \$6,952,317, with a net position of \$213,161.849.

Mr. Nelson and Mr. Hoagland both reviewed one change to accounting standards which is the reporting of long-term leases, which caused a restatement of 2021 financial information for comparative purposes. The District has income rather than expenses from long-term leases, income from cellular carriers that have towers at District facilities.

The Board reviewed and discussed the 2022 Annual Financial Report and thanked Mr. Hoagland for his presentation. Mr. Nelson then reviewed the steps to finalize the report and submit it to the State Auditor prior to the filing deadline.

5.) DEVELOPMENT PROJECTS:

a.) Staff Report – Brasswood Lift Station Latecomer's Agreement

Mr. Smith provided a Staff report to the Board of Commissioners regarding the Brasswood Lift Station Latecomer's Agreement.

The sewer system for the 60-lot Brasswood development project in the 8000 block of East Lowell Larimer Road was completed in October 2022. The development also included a new sewer lift station which was completed and accepted by the District for operations on May 8, 2023. The Brasswood Lift Station is intended to serve as a regional facility and was identified as the Lowell Larimer No. 4 facility in Appendix I of the Wastewater Comprehensive Plan.

The Brasswood developer, Conner Homes, requested to proceed with a Reimbursement Agreement (aka Latecomer's) to recover proportional lift station costs from future connections (pro rata cost shares), which could extend west to the 7200 block of East Lowell Larimer Road. Reimbursement Agreements are addressed in District Code Section 6.15.030, and a flow chart of the major process steps was reviewed with the Board of Commissioners.

There are a few ways to determine the pro rata costs for Latecomer's agreements, and most common are either by frontage length, parcel area, or ERU's. For linear pipe projects in a street, the frontage length or parcel area method is often the most appropriate. For regional projects over a large area, such as a sewer lift station, the ERU method is commonly used to provide fairness for future development potential.

A Service Area map was provided to the Board of Commissioners, showing an estimated total of approximately 628 ERU's that could be served by the Brasswood facility. The cost of the lift station from the developer's Bill of Sale was \$1,084,853.29. Therefore, the proportional latecomer cost per ERU would be \$1,727.47. In addition to the Brasswood project, Conner Homes is also the developer on the Bird Watson Townhome project at 77th Avenue SE, which they could exempt from their own Latecomer fee.

If the Board agrees with this proposed methodology and initial fee determination, the next step in the process would be notification to the parcel owners, followed by a public hearing to execute the Reimbursement Agreement and finalize the Latecomer fee.

Following discussion, the Board of Commissioners concurred with the methodology proposed for establishing the pro rate share of the latecomer agreement for the Brasswood Lift Station. Staff will proceed with providing the initial public outreach to property owners benefited by the Lift station and subject to the Latecomers Agreement, should they connect to or use the facility. A Public Hearing will be set for a future meeting date to execute the Reimbursement Agreement and to finalize the Latecomer fee.

6.) CAPITAL IMPROVEMENT PROJECTS

a.) Staff Report – 10th Drive SE – PWTF Construction Loan Applicant Certification

Mr. Smith provided a Staff report to the Board of Commissioners regarding the 10th Drive SE – PWTF Construction Loan Applicant Certification.

On December 9, 2021, the Board authorized staff to execute a contract with the State Public Works Board (PWB) for a pre-construction loan in the amount of \$450,000 for design of the 10th Drive SE Water and Sewer Improvement Project. Work would consist of installing approximately 5,000 feet of new 12-inch water main in 10th Drive SE, between 118th Place SE and 131st Street SE.

The existing water mains are 50+ year old cast iron 6 or 4-inch pipe, and this project would provide a new distribution backbone in the Silver Acres area between Master Meter 3 and two existing 12-inch water mains to the south. In addition, 2,400 feet of new 8-inch sewer main would be installed in 10th Drive SE between 118th Place SE and 126th Street SE to provide service to parcels currently on septic.

The Board awarded a Preliminary Design Contract to Kimley Horn, on January 27, 2022, in the amount of \$160,253.00 for the 10th Drive SE Water and Sewer Improvement Project. Subsequently, the Board awarded Kimley Horn the Phase 2 Design Contract in the amount of \$332,277.00 on July 28, 2022. Design, public outreach, easement acquisition, and permitting work are ongoing, and at the 90% stage.

The State Department of Commerce is currently accepting project applications for Public Works Board (PWB) loans with a deadline of July 7, 2023. PWB loans are long term (5 – 20 year), low interest (< 2%) loans, available to agencies for design and construction of public infrastructure. There is \$221 million available in the current loan cycle for construction projects, with a maximum of \$10 million per agency.

Staff proposed to submit a PWB Loan application in the amount of \$2.0 million for the construction of the water portion of the 10th Drive SE project beginning in 2024. The current estimated total cost of the project is approximately \$7.0 million including design, construction, and inspection. As part of the PWB application, a certification form is required from the agency to verify compliance with loan conditions.

There is a Comprehensive Plan Project (No. D-4) for a portion of the water main in 10th Drive SE, which was included in the calculation of the current water General Facility Charge. Consequently, the loan payments for that portion would be repaid from the Water Fund via GFC Charges and General Rate Revenues. The cost of the new sewer main portion of the project would be paid from the Sewer Fund with recovery from each connection through a new Special Connection Fee, similar to what was done for the 12-inch water main on 131st Street SE and the Sector 7 Lift Station. Sewer funding options will be brought to the Board for discussion later, when construction costs are better defined.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners authorized the President of the Board of Commissioners to sign the Applicant Certification Form and directed staff to apply for PWB Construction Loan funding for the replacement of the existing water main in 10th Drive SE between 118th Place SE and 131st Street SE.

b.) Staff Report – Highlands East Lift Station Rehabilitation – Predesign Report/Phase 2 Design Contract

Mr. Smith presented a Staff report to the Board of Commissioners regarding the Highlands East Lift Station Rehabilitation – Predesign Report/Phase 2 Design Contract.

One of the next higher priority sewer capital projects is the rehabilitation of the Highlands East Lift Station. This 22-year-old station has some ongoing maintenance issues, but the rehabilitation was triggered by the new Glacier View Estates project, which was originally planned to flow to the District's Sector 7 Lift Station. A Special Connection fee was assessed on all 115 homes in that development, to cover part of the rehabilitation cost.

On January 13, 2022, the Board awarded a Predesign Contract to Consor (fka Murraysmith) in the amount of \$108,479 to evaluate rehabilitation and site layout options. Four primary options were evaluated, consisting of combinations of installing a new wet well versus using the existing structure, along with switching to submersible pumps versus replacement surface mounted pumps. Work also included an in-depth geotechnical investigation for a landslide hazard analysis, which is required as part of the County permitting process. A copy of the Predesign Report is attached for the Board's information.

The recommended Option (No. 4) includes replacing the high maintenance surface mounted pumps with two submersible pumps, while utilizing the existing wet well due to slope stability issues. Work would also include installing a new rock catch manhole with a meter/valve vault, along with a new enclosed electrical control building.

As part of the design process, the District and Consor will evaluate whether to build a traditional CMU block structure on site or look at a new precast concrete building option. The existing generator would be kept on site, but the perimeter fence would be replaced. The footprint of the lift station would not need to be expanded for this work, so no new easements are needed. The preliminary estimated construction cost of the Highlands East Lift Station Rehabilitation Project is approximately \$1.76 million.

Consor prepared a Scope of Work to complete the design of the Highlands East Lift Station Rehabilitation Project. The design fee is estimated to be \$325,748.00, which includes a \$20,000.00 management reserve contingency for unanticipated extra work. The design scope would consist of structural, mechanical, and electrical design, along with permitting support, to produce 30%, 60%, 90%, and final bid plans, specifications, and cost estimates. The project could be advertised for bid in 2024, but the timing will depend on permitting progress, as well as managing other ongoing projects.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners authorized the General Manager to execute a Phase 2 Consultant contract with Consor, in the amount of \$325,748.00, for final design of the Highlands East Lift Station Rehabilitation Project.

7.) MAINTENANCE & OPERATIONS REPORTS:

a.) Staff Report – 164th Lift Station Controls Replacement Project

Mr. Berger presented a Staff report to the Board of Commissioners regarding the 164th Lift Station Controls Replacement Project.

In 2002, the development of Remlinger Park was constructed by Stafford Homes and included a new Smith & Loveless lift station located at Seattle Hill Road, east of 35th Avenue SE. In 2004, due to major new development construction in the District, the Remlinger Park Station was then moved to its current location at 16331 35th Avenue SE. The Station is now referred to as the 164th Street Lift Station.

Although, while this lift station is not specifically identified in the Comprehensive Plan or as Capital project for 2023, District staff recommended a small improvement project be undertaken where the electrical and controls would be upgraded to current standards. The existing controls and systems are outdated and unreliable. We are also unable to perform more basic upgrades as there are no updated schematic plans for any of the electrical work that occurred when the station was relocated.

The objective of this upgrade project is to replace the current pump control panel with a new PLC-based control panel incorporating a radar level sensor and backup float switches. Infinium Engineering will design and integrate the new electrical controls. Systems Interface will provide fabricate and supply a new control panel along with new wiring and components. District staff will perform all of labor to install the new electrical equipment, according to the new electrical design.

The estimated cost of this project is approximately \$135,000.00, not including District staff time:

- Infinium design and startup costs - \$50,000 (professional services).
- Systems Interface - \$65,000.00 (equipment and panel fabrication).
- Radar units, wiring, conduit, and miscellaneous equipment - \$20,000 (materials).

Other mechanical systems in place at this lift station have been upgraded on an ongoing basis. Together with the proposed electrical improvements, a more substantial station replacement or rehabilitation project will be deferred beyond our current planning horizon. Prior work on the mechanical systems includes:

- New impellers on pumps.
- New check valves installed.
- Both motors completely rebuilt.
- New volutes installed on both pumping systems.
- New motor adaptor plates installed.

This project will extend the useful service life of this lift station for many years.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved the 164th Lift Station Rehabilitation Project at an estimated cost of \$135,000, plus District labor.

8.) **STAFF REPORTS:**

a.) **District Engineer:**

Mr. Smith reported that the Thomas Lake Lift Station project is proceeding with the Startup phase of the project. Once the new facilities are completely tested and operational, work on demolishing the existing station can proceed.

Mr. Smith also reported that the District opened bids this past week for the Pioneer Trails Lift Station Project. Three bids were received, and staff is currently reviewing the Contractor Qualifications to ensure the apparent low bidder is both a responsive and responsible bidder. It is anticipated that the construction contract will be ready to award at the next meeting on June 8, 2023.

b.) **Finance Manager:**

Mr. Nelson reported that he has spoken with the Records Officer at the City of Everett regarding the District's requests for information related to the City's calculation of the sewer rate for 2023. The District has provided notice to the City to formally dispute the 2023 Rate, pending further review of the additional information requested. The District is questioning the allocation of specific costs related to an employee health clinic, which inflates the rate calculation disproportionately. The Records Officer appears to be doing their best to provide the requested information; however, the process of directing the District to submit a public records request rather than simply providing the information directly from the Public Works Department staff (custodians of these records) is slowing the process down. The District has a contractual right to review the City's books used to calculate the rate. City public works staff have been nonresponsive to the District's staff.

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

Mr. Berger reported that interviews were conducted last week to fill an open Utility Maintenance Worker 1 or 2 position. There were three strong candidates. Ultimately, Travis Koenen was selected for the position. Travis is a current employee of the District working in one of the two apprenticeship positions. Travis will remain enrolled in the Apprenticeship program but be reclassified as a Utility Maintenance Worker I. This promotion will create a vacancy for a new apprentice position.

d.) **Technical Services Manager:**

Mr. Brees provided an update on Mr. Busch's behalf regarding the ESRI User Group Meeting which was held at the District Headquarter Building. The meeting was well attended, and Katarina Hirai (GIS/Asset Management Coordinator for the District) was one of the featured presenters.

e.) **Attorney:**

No further report.

f.) **General Manager**

Mr. Brees reported that Crown Castle has executed and made payment on the short-term Lease Extension Agreements authorized by the Board of Commissioners.

Mr. Brees reviewed the District's office schedule for the Memorial Day weekend.

This ends the Minutes of the May 25, 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 May 25, 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 June 8, 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 8 day of June 2023.

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


John Warner, Secretary