

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

June 22, 2023

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on June 22, 2023, beginning at 5:30 p.m. Attending in person were Commissioners Anne Backstrom, John Warner, and Shauna Willner. Also present in person were District Engineer Scott Smith, Finance Manager Brad Nelson, and Technical Services Manager James Busch. General Manager Curt Brees, GIS & Asset Management Coordinator Katrina Hirai, Eric Delfel with Gray & Osborne, Curtis Chambers with Inslee, Best, Doezie, and Ryder P.S., Attorney for the District, 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).

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 June 8, 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. 19835 – 19897) in the amount of \$401,867.97; Revolving Fund Checks (Check No. 9118 – 9127) in the amount of \$1,802.12, were unanimously approved and signed as follows:

Fund	Amount
Water Maintenance	\$139,850.68
Water Capital Improvement	19,605.93
Sewer Maintenance	222,934.16
Sewer Capital Improvement	19,477.20
Revolving Check Fund	1,802.12
Total	\$403,670.09

b.) Staff Report – ESHB 1329 Extreme Heat

Mr. Nelson provided a Staff report to the Board of Commissioners regarding ESHB 1329 Extreme Heat Bill.

Washington Water and Sewer Districts are provided broad authority under Chapter 57 of the Revised Code of Washington (RCW). RCW 57.08.081 outlines a District's authority to collect water and sewer charges, including service disconnection for non-payment and

to file property liens. Currently, the District disconnects service to customers approximately 60 days after a bill is due, and files property liens when accounts are about 120 to 150 days past due.

The 2023 Washington State Legislature passed Engrossed Substitute House Bill 1329 which requires all Washington utility service providers to defer service disconnections during heat advisories issued by the National Oceanic and Atmospheric Administration (NOAA), and to restore service to customers previously disconnected upon request during the heat advisory. A copy of the amended RCW 57.08.081 was provided to the Board of Commissioners. In addition, staff provided reports from NOAA on heat advisories and from MRSC on the new law.

While there are significant concerns by Washington utility service providers regarding the impact of this new law, based on the demographics of Silver Lake Water and Sewer disconnection and previous heat trends, staff is not overly concerned about the impact to District costs and operations. The new law goes into effect July 23, 2023, with the next District scheduled service disconnection date is on July 25, 2023.

The District's current code allows the General Manager or designee to defer a scheduled service disconnection due to weather. As such, the General Manager recommended deferring any District code changes until the State Attorney General addresses several questions. Basically, when the District defers a regular scheduled shut-off date due to weather, customers receive a letter about the rescheduling and then another shut-off notice prior to the rescheduled shut-off date. These notices, and the District's existing shut-off notices, will need some minor updates, to meet the notice requirements of the new law. Mr. Nelson provided example of the planned updates to the standard notices. Customers that request their water be reconnected during the Extreme Heat Advisory will be directed to call 425.337.3647 or email service@slwsd.com. These requests will be handled during the District's regular business hours". Staff does plan to provide notice to those customers that are currently off (before the laws implementation).

In 2022, there were 22 days of Extreme Heat Advisories with the average duration of 3-5 days. Based on this information, we anticipate a basic 20% chance of scheduled shut-off days being rescheduled during the summer. The heat advisory would likely be over prior to the rescheduled shut-off date. Staff would also note that the typical shut-off day has between 80-90 customers being shut-off. Of these, 60-70 customers pay on shut-off day. The remaining 10-15 pay during the next few days. By the following Tuesday, when we lock off unpaid accounts, there are typically only 5-8 accounts being locked off. As such, staff does not see many customers remaining off to request reconnection.

Staff recommended not to require customers to enter into a payment plan to be reconnected as allowed by the law, due to the required stipulations of doing so. The payment repayment plan methodology appears to be flawed and could lead to uncollectable debts. Rather, we would reconnect and defer them to an arrangement shut-off date. Staff is also not recommending fees during the deferral. The rationale for this is: The costs to defer will be small; the customer does not have control over the Extreme Heat Advisory being issued; and the impact on the customer's existing financial resources. However, should the on-call

duty person decide to respond to an after-hour's request, the \$144.00 after-hours service call rate would be applied.

The Board of Commissioners concurred with the staff approach of compliance to the new law prohibiting service disconnection for non-payment during heat advisories issued by NOAA for the District's service area.

5.) DEVELOPMENT PROJECTS:

a.) Staff Report – Southard Sewer Extension DE

Mr. Smith provided a Staff report to the Board of Commissioners regarding the Southard Sewer Extension DE.

There is an existing SFR with a detached garage located in the cul-de-sac at 11620 51st Avenue SE, which is on the top of the hill at the driveway to Lift Station No. 2. The owner is planning to convert the garage into a new SFR and short plat the parcel into two lots.

The existing house is currently on sewer, but the garage conversion needs a new sewer lateral for service through the Developer Extension process. There are sewer mains on both the north and west sides of the parcel, and the owner would like to connect to the west side for gravity service to a new daylight basement.

A new water meter would be installed in the cul-de-sac by District crews for the new SFR.

Staff requested the Board of Commissioners accept the Developer Extension Agreement for the Southard Sewer Extension project.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners authorize the General Manager to approve the Developer Extension Agreement for the Southard Sewer Extension project.

b.) Staff Report – 2nd Quarter Bills of Sale

Mr. Smith provided a Staff report to the Board of Commissioners regarding the 2nd 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 cumulatively accept the Bills of Sale at the end of each quarter. One significant DE project was completed in the 2nd Quarter of 2023.

The project has completed construction and the District is in receipt of the respective Bill of Sale. An attached summary spreadsheet identified the infrastructure value on each project in the 2nd Quarter of 2023 and total to date. Staff requested the Board of Commissioners acknowledge acceptance of the Bill of Sale for the following development project:

Brasswood Lift Station – The District's first new development lift station in over 15 years for the 60 lot Brasswood project. This station will also serve as a regional facility and is

identified as the Lowell Larimer No. 4 facility in Appendix I of the adopted Sewer Comprehensive Plan.

The value of the developer contributed facilities received by the District in the 2nd Quarter of 2023 is \$1,084,853.29.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approve and accepted the Bill of Sale for 2nd Quarter of 2023.

6.) CAPITAL IMPROVEMENT PROJECTS

a.) Staff Report – Quarterly Update on CIP Projects

Mr. Smith provided a Staff report to the Board of Commissioners regarding the Quarterly Update on District Capital projects.

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, and updated Status Matrix for both active Capital and Developer Extension projects in the 2nd Quarter of 2023 was provided to the Board of Commissioners. Staff provided a summary of active projects for discussion by the Board.

7.) MAINTENANCE & OPERATIONS REPORTS:

a.) Staff Report – Lead Service Line Inventory

Mr. Brees presented a Staff report to the Board of Commissioners regarding the Lead Service Line Inventory.

Driven by the Flint, Michigan water crisis, the US Environmental Protection Agency (EPA) has been developing and releasing in phased updates to the Lead and Copper Rule. The District has long sampled for Lead and Copper in drinking water; however, requirements will become more stringent and water systems will be required to complete comprehensive inventories of service lines including the privately owned lines between the meter and property served.

Lead in drinking water is most attributed to lead pipes, plumbing fixtures which contain lead, and solder/flux containing lead used to join pipes. If the water is corrosive (low pH value) lead can be leached into the drinking water and then consumed. This was the specific problem in Flint, Michigan. State and City officials began utilizing a new water source that was not optimized for corrosion control (not adjusted to be alkaline (pH >7) in order to save money. As many of the homes in Flint were built at a time where lead pipes, lead solder/flux were commonly used, it very quickly became a very large problem. It is estimated that twelve were killed and tens of thousands of residents were exposed to dangerous levels of lead. The actions that lead to the crisis in Flint violated pre-existing standards and could have been easily prevented.

However, the EPA typically adopts a one sized, fit all approach to drinking water standards and water systems such as the District, where most of the existing system and structures were built after bans of lead pipes and lead containing solder will have to demonstrate compliance in the same manner as Flint, Michigan.

The guidelines related to the Lead Service Line Inventory were finalized at the federal level last August and the deadline for water systems to complete the inventories (October 16, 2024) is not very far away. Washington State Department of Health is the regulatory agency that will monitor the District's compliance to the rules and has been developing their own guidance to supplement the federal guidelines.

District staff has been monitoring the development of the Federal and State Guidelines and compiling data to complete an inventory that meets the requirements in advance of the October 16, 2024, deadline.

Katarina Hirai, GIS & Asset Management Coordinator, presented a slideshow and reviewed the District's progress to preparing a draft Lead Service Line Inventory and the remaining steps to publish a complete inventory in advance of the October 2024 deadline.

Utilizing guidance approved by both the EPA and the Washington State Department of Health and software by ESRI and FME together with the District's extensive as-built information, only 6% of the District's owned service lines are of unknown material and 24% of customer owned service lines. This inventory data is viewable on the District's GIS mapping software. The District would also be able to export the inventory data into the required format for the October 2024 reporting.

However, as additional time is available, District staff recommended investing some additional staff time over the course of the next year to use an EPA and DOH approved statistical sampling method, to determine and verify that all the remaining unknown services lines (District and Customer) are not lead and publish a clean inventory with no future reporting requirements.

Under the approved statistical sampling method, District staff would only have to field verify 357 of the remaining 4,572 unknowns to achieve a 95% confidence level that the remaining services are not made of lead. To field verify, a field crew would hydro excavate at the meter location, to visually inspect both the customer owned and District owned service line material. As we are actively replacing customer meters to the new cellular meter standard, the meter is also replaced.

The District's field crews have conducted two trial days of field verification, where approximately twenty services were verified, and meters replaced each day by a seven-member team. If the District can complete the inventory of all service locations prior to the deadline next year, it will greatly reduce the reporting and public notification requirement.

The Board of Commissioners thanked Ms. Hirai and complimented the efforts by staff to be so far ahead of other utilities in our region, to be on track for full compliance with these new rules related to the lead service line inventory.

8.) STAFF REPORTS:

a.) District Engineer:

No further report.

b.) Finance Manager:

Mr. Nelson provided an update to the Board regarding the status of recent customer delinquencies, noting that one of the programs which has provided significant assistance to low-income customers (LHWAP) will soon be ending. Mr. Nelson shared that the County staff administering this program have been exceptional to work with.

Mr. Nelson provided an update on the District's dispute with the City of Everett regarding the calculation of the 2023 Wholesale Sewer rate. The city has been slow to provide requested information needed to evaluate the calculation which is based on internal accounting at the City.

Mr. Nelson reported that the last long-term installments (incurred during the shut off moratorium) have been billed out to customers. The District's program allowed relief to customers and additional time to pay; and to also collect delinquent debts. Other utilities, including many city owned utilities, are facing large uncollectable delinquencies.

c.) Technical Services Manager:

Mr. Busch complimented Ms. Katarina Hirai on her efforts to develop the District's Draft Lead Service Line Inventory.

Mr. Busch provided an update the District's Solar project; a pre-bid walk-through was held this past week. The walk-through was well attended, and several bids are expected.

d.) Attorney:

No further report.

e.) General Manager

No further report.

This ends the Minutes of the June 22, 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

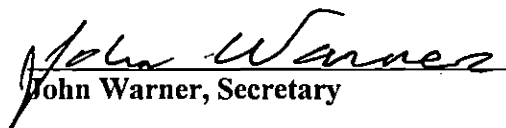
I, the undersigned, Secretary of the Board Commissioners of Silver Lake Water and Sewer District, Snohomish County, Washington (the "District"), hereby certify as follows:

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 June 22, 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 July 13, 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 13th day of July 2023.

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


John Warner, Secretary