

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

July 27, 2023

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on July 27, 2023, beginning at 5:30 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 O&M Manager Ron Berger. Finance Manager Brad Nelson, Curtis Chambers with Inslee, Best, Doezie & Ryder P.S., Attorney for the District, and Eric Delfel with Gray & Osborne attended by via teams meeting. 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 July 13, 2023, were unanimously approved as circulated.

**3.) PUBLIC COMMENT:**

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

**4.) PUBLIC HEARING:**

**Public Hearing – Brasswood Lift Station Reimbursement Agreement**

Mr. Brees provided a summary of how public notice of the hearing was provided and detailed the process steps for conducting the hearing.

Commissioner Willner opened the Hearing at 5:35 p.m. with no members of the public either in person or participating by teleconference at this time. Mr. Smith presented the staff report.

**Staff Report – Brasswood Lift Station Reimbursement Agreement & Resolution No. 844**

Mr. Smith provided a summary to the Board of Commissioners on a Staff report regarding the Brasswood Lift Station Reimbursement Agreement and Resolution No. 844.

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, a site plan was provided to the Board of Commissioners, 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, has applied for a Reimbursement Agreement (aka Latecomer's) to recover proportional lift station costs from future connections, 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 provided to the Board of Commissioners.

There are a few ways to determine the proportionate cost 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 flexibility and fairness for future development.

As seen in Exhibits C and D of the Reimbursement Agreement that were provided to the Board of Commissioners, a total of approximately 635 ERU's 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 \$1,708.43. The Board reviewed, and conceptually approved, the proposed ERU assessment method on May 25, 2023.

Notice letters were mailed to all affected property owners on June 6, 2023, and a 30-day comment period is required per District Code Section 6.15.030(5). Notice for the Public Hearing was published in the Everett Herald on Wednesday, July 19, 2023.

**Public Comment and Commissioner Deliberation**

With no members of the public in attendance, Commissioner Willner closed the Public Comment portion of the Hearing for testimony.

With no questions or testimony from the Public, the Commissioners deliberated, and the Hearing was closed at 5:45 p.m.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved Resolution No. 844, for the Brasswood L.S. Reimbursement Agreement, and authorized the General Manager to execute the agreement.

**5.) 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. 19997 – 20054) in the amount of \$1,299,500.79; Revolving Fund Checks (Check No. 9158 – 9201) in the amount of \$90,339.09, were unanimously approved and signed as follows:

<b>Fund</b>	<b>Amount</b>
Water Maintenance	\$339,850.79
Water Capital Improvement	31.80
Sewer Maintenance	906,358.64
Sewer Capital Improvement	53,259.56
Revolving Check Fund	90,339.09
<b>Total</b>	<b>\$1,389,839.88</b>

**b.) Staff Report – 2<sup>nd</sup> Quarter Financial Report**

Mr. Nelson provided a Staff report to the Board of Commissioners regarding the 2<sup>nd</sup> Quarter Financial Report.

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 that accruals and year-end adjustments are not reflected.

The District's Second Quarter Pre-closing Revenues from all sources are \$17,747,433. This was an increase of \$3,674,420 compared to the Second Quarter of 2022. Charges for Service revenues increased by \$1,260,293, reflecting the 2022 and 2023 rate increases. New Connection Revenues increased by \$1,162,548, directly attributable to non-cash Bills of Sale. Other Revenues increased by \$1,251,589, largely from higher interest rates on investments.

A Table was provided and reviewed that outlined the District's Annual New Customer Revenue, separated by Bills of Sale (Donated Water and Sewer Systems) and New Connection Fees (Cash paid by New Customers as a General Facility Charge) revenues from 2014 to 2023. There were \$1,295,048.60 of Bills of Sale revenues and \$241,760.00 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 capital investment 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 provided outlined the District's collection of Special Connection Revenues since their inception was provided to the Board of Commissioners.

The District received \$555,349 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) has significantly increased in the Second Quarter with the District roughly 8% higher in total customer consumption from 2022. However, we would note that the 2023 demand curve almost matches the 2019 curve with an adjustment for new connections. If the summer remains hot, 2023 could result in the District's highest per connection demand since 2017. Three Tables provided showed customer water consumption in units over time.

The District's total pre-closing expenses for the Second Quarter of 2023 were \$11,046,063, which is an increase of \$324,713 compared to the Second Quarter of 2022.

Water and Sewer costs appear to be consistent; however, it's more a result of delayed City of Everett utility bills in 2022 and the District disputing the City of Everett's 2023 sewer rate. A table was provided to the Board of Commissioners that outlined the potential cost related to the disputed rate.

Currently, the District's pre-closing Net Income through June 30, 2023, is \$6,701,370, which is an increase from 2022 of \$3,349,706.

As of July 20, 2023, the District currently has 10 accounts, out of 18,645 metered water connections, that are delinquent with a property lien filed. The total delinquent amount of these ten accounts with a filed property lien is \$18,599.69. On October 30, 2021, the District created Installment Plans for 195 customers, totaling \$188,293.73. As of July 20, 2023, all the initial COVID customers on Installment Plans have been billed. District staff has converted five existing long-term payment plans into installment plans for a total of \$11,824.61.

The District's cash and investments totaled \$59,755,343.51, which was an increase of \$6,564,662.35 from December 31, 2022.

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

**6.) DEVELOPMENT PROJECTS:**

**a.) Staff Report – Lowell Heights DEA**

Mr. Smith provided a Staff report to the Board of Commissioners regarding the Lowell Heights DEA.

The proposed 50-unit townhome development is located south of East Lowell Larimer Road near the District's Larimer 2 Lift Station in the Cross Valley Water District service area. Cross Valley will provide water service to the development, and Silver Lake will provide sewer service in accordance with the existing ILA.

New 8-inch sewer mains will be constructed along the new interior roadways with individual connections to each townhouse unit. A saddle manhole will be installed in Lowell Larimer Road to connect to the existing 12-inch sewer main.

Staff requested the Board of Commissioners accept the Developer Extension Agreement for the Lowell Heights project.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners authorized the General Manager to approve the Developer Extension Agreement for the Lowell Heights Project.

**b.) Staff Report – Wells Assemblage DEA(s)**

Mr. Smith provided a Staff report to the Board of Commissioners regarding the Wells Assemblage DEA (s).

The proposed 24-lot detached single-family development is located south of East Lowell Larimer Road, and west of 77th Avenue SE, in the Cross Valley Water District service area. Cross Valley will provide water service to the development, and Silver Lake will provide sewer service in accordance with the existing ILA.

A new 8-inch sewer main will be constructed along the new interior roadway with individual connections to each lot. In addition, a new 8-inch sewer main will be installed

along the Lowell Larimer Road (SR 96) frontage for conveyance down to the Brasswood Lift Station. The project will also be subject to the new Latecomer's Fee.

The WSDOT permit for the frontage sewer work has been combined with the adjacent Bird Watson application. Similarly, it would be cleaner for permitting and final acceptance if the Wells Assemblage project was divided into two DE Agreements, one for the onsite work and one for the frontage sewer main in SR 96. It would be easier to approve connection permits if WSDOT closeout paperwork is delayed for the frontage sewer and allow an option to separate out the work if needed.

Staff requested the Board of Commissioners accept two Developer Extension Agreements for the Wells Assemblage Townhome Project, one for onsite and one for frontage sewer work.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners authorized the General Manager to approve two Developer Extension Agreements for the Wells Assemblage Townhome Project, one for onsite and one for frontage sewer work.

## **7.) CAPITAL IMPROVEMENT PROJECTS:**

### **a.) Staff Report – Lift Station No. 2 – Options Analysis - KPG/BHC Consultants**

Mr. Smith provided a Staff report to the Board of Commissioners regarding the Lift Station No. 2 – Options Analysis – KPG/BHC Consultants.

Lift Station No. 2 is a critical sewer facility for the District and the largest lift station with a capacity of 3,200 gpm. The current station was rebuilt in 2005 and is located at the base of a steep slope just west of the intersection of 51st Avenue SE and 116th Street SE. During construction in the winter of 2005, there was a landslide just above the lift station, which was repaired with a rock buttress at the toe of the slope. In recent years, the drainage system at the base of the rock wall stopped functioning properly and caused minor surface flooding each year at the lift station site.

On November 10, 2021, the Board approved an On-call Engineering task with KPG to evaluate the stability of the slope above Lift Station No. 2, as well as the drainage issues at the base of the rock wall. The drainage issue was a relatively easy fix and was addressed by District crews in September 2022, but more information was needed to better evaluate the slope stability.

On July 14, 2022, the Board approved a consultant contract scope and fee with KPG, to better evaluate the existing slope and potential solutions. Geotech and analysis work continued through the fall and winter, and the final report was completed and presented to the Board on March 23, 2023. Due to the less than favorable subsurface conditions that were found, the static and seismic Factors of Safety (FOS) decreased significantly from the initial evaluation.

A new catchment wall on the west side of the lift station would provide a small increase in the FOS in static conditions, but there is not a feasible way to achieve the recommended

FOS in a seismic condition. It would likely cost as much, or more, to build a wall big enough to protect the station from a seismic landslide event as it would to rebuild the station in a new location. In addition, replacement of the generator and upgrading the electrical controls is a high priority project that needs to be planned for this facility.

Consequently, there was no clear path forward or recommendation for next steps. After discussions internally and with KPG, the concept was developed to better evaluate a full range of options, from do nothing to combinations of wall and electrical upgrades to full replacement in a new location. The methodology would be a “Triple Bottom Line” analysis, which is essentially a weighted average scoring system to help compare dissimilar options.

KPG would continue to be the lead consultant on this next phase of evaluation, along with additional geotechnical work from Landau Associates again, but would also add BHC Consultants as a team member to better evaluate the lift station electrical and replacement aspects. BHC was the design consultant on the District’s Lift Station No. 4 Generator Replacement project, which is very similar to one of the options under consideration. A scope and fee from KPG for the Lift Station No. 2 Option Analysis Contract in the amount of \$220,885.50 is attached, which includes a \$20,000 management reserve fund. The Lift Station No. 2 project was included in the adopted 2023 Capital Project Financial Plan with an estimated budget amount of \$300,000. Approximately \$60,000 has been spent so far this year, to complete the second phase of the evaluation work. If approved by the Board, the Options Analysis Contract is expected to be completed in Spring 2024.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved the proposed Scope and Fee, in the amount of \$220,885.50, from KPG for the Lift Station No. 2 Options Analysis Contract.

## **8.) MAINTENANCE & OPERATIONS:**

### **a.) Update on Wet Well Wizard/Highlands East Lift Station**

Mr. Berger provided an update and presentation to the Board of Commissioners regarding the installation and initial operations of the Wet Well Wizard at the Highlands East Lift Station.

The Wet Well Wizard is a new product which injects air into the wet well of a lift station, similar to the aeration process used in wastewater treatment plants. With the injection of oxygen and agitation of the liquid in the wet well, it is anticipated that less corrosive gases will form and there will be less buildup of FOG within the wet well which requires frequent cleaning.

Mr. Berger shared initial results which indicate that we are seeing positive results, in that hydrogen sulfide levels have dropped, and the wet well is staying cleaner (an existing scum layer of FOG which was present at the initial installation is now gone).

Potential drawbacks of the equipment were discussed including energy use and noise, since the device runs twenty-four hours a day.

**b.) Staff Report – PSA with Steep Steel for Cell Tower Sites**

Mr. Brees provided a Staff report to the Board of Commissioners regarding the PSA with Steep Steel for Cell Tower Sites.

There are three monopoles located on District property, serving five wireless communication facilities (cell sites). Two monopoles are located at the Reservoir No. 4 site and one at the Reservoir No. 2 site. Two lease agreements, one at each of the reservoirs, have reached the end of the original lease term as well as all available extensions according to the original agreements. These two agreements were held by T-Mobile and managed by Crown Castle. T-Mobile West, LLC (T-Mobile) is the successor to VoiceStream Wireless (original other party to the agreements with the District back in 1998).

The third monopole lease is at the Reservoir No. 4 site and is a Sprint facility. Sprint and T-Mobile merged in 2020 so it is likely this lease will be terminated at the end of its current term or renewed in place of one of the other agreements. The fourth lease is with AT&T for ground space, and the antennas are co-located on the T-Mobile owned/Crown Castle managed monopole. There is also a Verizon (5th wireless carrier) co-location at the T-Mobile owned/Crown Castle managed monopole at the Reservoir No. 2 site; however, all equipment is located within the lease area and there is no direct relationship (no lease) between Verizon and the District.

In 2022, the District received \$176,298 in payments from all the lease agreements with wireless carriers. This additional revenue is beneficial to the District and rate payers; however, comes at a staffing and site security cost as the District must coordinate and manage access to the facilities by the carriers and their contractors.

In 2022, representatives of Crown Castle approached the District to potentially lease some additional ground space at Reservoir No. 4 which prompted a review of the lease agreements. The request for additional ground space evolved into a negotiation to extend both lease agreements with T-Mobile/Crown Castle. The District's position in the negotiation was that the agreement would be on the District's form and the new agreements would continue payments due at a rate required in the current year under the old agreements and maintain the rent increases of 5% per year. An execution payment would also be required that is intended to recover the District's costs in administering the renewal of the agreements.

Mr. Brees worked with Kay Brossard, Inslee Best, and WCIA to develop a new agreement form for both sites. This new agreement draft was completed in October of 2022 and was presented to Crown Castle at that time. Despite the best efforts by the District's team, in March of 2023, Crown Castle was not ready to execute the new license agreements, prior to expiration of the current agreements. A temporary extension of three months was drafted, to allow Crown Castle to complete the review and finalize the agreements (including the preparation of exhibits). While Crown Castle paid the rent due under the temporary extension, Crown Castle again failed to execute the new lease agreement with the District and the term of the temporary extension expired at the end of June. During the temporary extension, Crown Castle did not return the Districts calls or emails and zero progress was made towards a new lease agreement.

At the July 13, 2023, Board of Commissioners Meeting, Mr. Brees recommended that the District engage a consultant that specializes in representing landlords in the development and management of lease agreements with wireless facility operators. The basis of this recommendation is that the staff efforts had not been fruitful and were no longer a good use of staff time. In addition, the site leases may be more valuable than the revenue realized under the prior agreements, and it would be in the best interest of the District and ratepayers to obtain competitive offers to operate and manage these facilities. The Board of Commissioners concurred with the General Manager's recommendation and directed the General Manager to bring back a Professional Services Agreement for consideration at the next meeting.

Staff recommended that the Board of Commissioners, by motion, authorize the General Manager to execute the Professional Services Agreement with Steep Steel, LLC., to represent the District in negotiations with Wireless Facility Operators for use of the District's property to operate wireless communication facilities.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners authorized the General Manager to execute the Professional Services Agreement with Steep Steel, LLC., to represent the District in negotiations with Wireless Facility Operators for use of the Districts property to operate wireless communication facilities.

**9.) STAFF REPORTS:**

**a.) District Engineer:**

No further report.

**b.) Finance Manager:**

No further report.

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

Mr. Berger provided an update to the Board on a planned water shut down, to allow for the cut in of valves to serve the new Juniper Court development. The work is scheduled for Saturday, July 29<sup>th</sup>. Impacted customers have been notified via letter and doorhanger.

**d.) Attorney:**

No further report.

**e.) General Manager:**

Mr. Brees shared a press release issued by the Governor regarding a drought declaration that is now in effect for much of the state. The District's supply from the City of Everett is not included in the current designation.

Mr. Brees reported that Summer newsletter is in the final stages of development and will be printed and mailed to customers soon. The lead service line inventory will be the front-page article of the newsletter.



**This ends the Minutes of the July 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 July 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 August 10, 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 10<sup>th</sup> day of August 2023.

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

  
John Warner, Secretary