

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

October 26, 2023

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on October 26, 2023, beginning at 5:30 p.m. Attending in person were Commissioners John Warner and Shauna Willner. Also present in person was General Manager Curt Brees, District Engineer Scott Smith, and Finance Manager Brad Nelson. Commissioner Anne Backstrom, Curtis Chambers with Inslee, Best, Doezie & Ryder P.S., Attorney for the District and, Ryan Larsen with Land Pro Group, LLC attended virtually 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 October 12, 2023, were unanimously approved as circulated.

3.) PUBLIC COMMENT:

Ryan Larsen with Land Pro Group, LLC. was introduced. Mr. Larsen indicated that he was available to answer questions related to the Ambleside Onsite and Sewer Lift Station Developer Extension Agreements.

4.) 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. 20365 – 20434) in the amount of \$1,221,221.87; Revolving Fund Checks (Check No. 9302 – 9320) in the amount of \$103,118.50, were unanimously approved and signed as follows:

Fund	Amount
Water Maintenance	\$144,071.44
Water Capital Improvement	0.00
Sewer Maintenance	212,407.22
Sewer Capital Improvement	864,743.21
Revolving Check Fund	103,118.50
Total	\$1,324,340.37

b.) Staff Report – Financial Reports – September 30, 2023 (Pre-closing)

Mr. Nelson provided a Staff report to the Board of Commissioners regarding Third Quarter Financial Reports – September 30, 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 that accruals and year-end adjustments are not reflected.

The District's Third Quarter Pre-closing Revenues from all sources are \$29,920,556. This was an increase of \$6,624,793 compared to the Third Quarter of 2022. Charges for Services revenue increased by \$1,963,532, driven by the annual rate increase and increased water consumption by customers. New Connection Revenues increased by \$2,845,623, mostly attributable to non-cash Bills of Sale. Other Revenues increased by \$1,815,638, with higher returns from interest on investments and slightly larger cash reserves. A Table was provided to the Board of Commissioners that outlined the Total Revenues from 2022 and 2023.

A Table was provided to the Board of Commissions 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. The Table also represented the annual New Customer Revenues. There were \$3,146,518.71 of Bills of Sale revenues and \$592,180 in General Facility Charges. So far this year, \$7,000,000 from the Maintenance fund has been transferred to Capital Project fund for expenditures on Capital projects. Capital projects are funded from both GFC revenues and rate revenues.

Special Connection Fee collections are not included with the New Connection Revenues data since they represent repayment of the District's investments in Capital 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 of Commissioners that outlined the District's collection of Special Connection Revenues since their inception.

The District's total pre-closing expenses for the Third Quarter of 2023 were \$17,918,384, which is an increase of \$484,389 compared to the Third Quarter of 2022.

However, the actual expenditures will ultimately be higher as the City of Everett is behind in billing and the District disputed the City's 2023 Sewer rate calculation. A Table provided to the Board of Commissioners outlined the potential costs related to the disputed rate. The City has resubmitted a 2023 Sewer Rate calculation and the District is reviewing their information. It's anticipated the rate will be agreed to in November, requiring a payment by the District for the difference between the 2022 rate that we are currently paying and the 2023 rate that is agreed to.

Currently, the District's pre-closing Net Income through September 30, 2023, is \$12,002,172, which is an increase from 2022 of \$6,140,403. This significant increase in Net Income increased revenues and some of the expenses being delayed.

As of July 20, 2023, the District currently has ten accounts, out of 18,645 metered water connections, 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 totaling \$11,824.61.

At the end of the Third Quarter, the District's cash and investments totaled \$61,287,665.41, which was an increase of \$8,371,081.85 since the start of the year.

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

- **2022 Valve and Manhole Project** – Project retainage was paid on August 10, 2023, to Quilceda Excavation, Inc. The Project's final costs were \$281,948.77 with the original project budget for the 2022 project set at \$300,000.
- **Thomas Lake Lift Station** – The District awarded the bid to McClure and Sons. 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 is nearly complete on the project.
- **Pioneer Trails Lift Station** – The District awarded the bid to Faber Construction on June 8, 2023. The Project budget is a \$5,442,327.17 inclusive of design, construction, construction management, and contingency costs. Work is currently underway.
- **Headquarters Solar Panels** - The District's Board authorized the construction of solar panels for the District's Headquarters. The Board authorized a budget of \$325,000. Western Solar was selected at the lowest responsive bidder. The District has been awarded a state grant in the amount \$75,000 and will apply for a Federal tax rebate estimated at \$75,000 upon project completion. Work is currently underway.
- **Lift Station No. No. 4 Generator Upgrades** – The District awarded the bid to Colvico, Inc. After considerable delay, due to supply chain issues, construction has started on the project.
- **Lift Station No. No. 3 Force Main Replacement** – The District awarded the bid to Shoreline Construction for \$2,131,357.15. Construction on the project is nearing completion. In addition to the construction project, District staff ordered materials and scheduled pump motors to be rebuilt. These parts and services were not included in the original project budget. The project budget has been revised to include this additional work on the project, with a total cost of \$2,877,390.
- **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.

5.) DEVELOPMENT PROJECTS:

a.) Staff Report – Ambleside Onsite and Sewer Lift Station DEA’s

Mr. Smith provided a Staff report to the Board of Commissioners regarding Ambleside Onsite and Sewer Lift Station Developer Extension Agreements (DEA’s).

A Developer Extension Agreement is the first major step in the DE process. A flow chart of the process steps was provided to the Board of Commissioners as a reference. The DE Agreement is the legal contract between the developer and the District, and ensures projects meet District standards and requirements. A DE Agreement is separate from, but often concurrent with, the project approval process at the land use agency.

When a DE application and preliminary plans are submitted, they are conceptually vetted by District staff prior to presentation to the Board. The DE Agreement does not constitute approval of construction plans or final acceptance of the project, and sometimes projects expire or are canceled prior to beginning construction.

For the proposed Ambleside project, there are four unsewered lots in the 12800 block on the west side of 25th Avenue SE, which have been planned for 52 new SFR lots since 2019. The most recent SEPA Determination of Non-significance and Administrative Site Plan were approved by Snohomish County in January 2023.

A DE Agreement and construction plans for an offsite sewer main were approved by the District in July 2019, but both expired in 2021. However, the onsite water and sewer extensions were never reviewed. Sewer service is a challenge for this site since it is in a topographic depression, which makes the outfall of gravity service difficult.

There were several issues with the previous design, along with some local opposition to a proposed raised berm where the gravity sewer main would be located. The previous offsite gravity line would also have flowed to the Pioneer Trails Lift Station, which pumps to a collector pipe in 35th Avenue SE that is already near capacity.

A deeper offsite option was also considered but would have resulted in a very deep (30’+) excavation trench, as well as replacing some existing sewer main and laterals in the roadway. After evaluating the technical and construction challenges of the gravity service options, it was determined that an onsite sewer lift station would be a better solution.

A new lift station on the Ambleside site would also provide service to other undeveloped parcels in the immediate area, with future service to approximately 70 additional lots. A Reimbursement (aka Latecomer’s) Agreement could be considered by the Board for the lift station, if requested by the developer after project completion consistent with the District’s procedures and state law.

The force main from the lift station will be extended south in 25th Avenue SE and discharge to a manhole in an existing District easement near 12930 25th Avenue SE. The lift station discharge flow will then be transported by gravity directly to the Everett South End Interceptor pipeline in SR 527.

The onsite sewer is relatively straightforward, with flow routed around the interior private roadway to the lift station site in the northeast corner. Sewer will also be extended along the property frontage in 25th Avenue SE in accordance with District standards.

A new 8-inch restrained joint water main will be installed in a loop around the interior roadway. There is an existing 6-inch cast iron main along the frontage in the 25th Avenue SE roadway, which will need to be replaced with a new 8-inch main to achieve the required fire flow for the project.

While the DE process is not subject to a public hearing or input, multiple public comments have been received on this project over the years. Those comments that are relevant to District standards will be considered during the typical construction plan review phase.

Staff requested the Board of Commissioners approve the Developer Extension Agreements for the Ambleside Onsite and Lift Station projects.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners authorized the General Manager to approve the Developer Extension Agreements for the Ambleside Onsite and Lift Station projects.

6.) MAINTENANCE & OPERATIONS REPORTS:

a) Staff Report – Review Medical, Dental, MVEBA Contribution Rates for 2024

Mr. Brees provided a Staff report to the Board of Commissioners regarding review of the Medical, Dental, MVEBA Contribution Rates for 2024.

For 2023, the District provides full-time regular employees with a monthly pre-tax benefit of \$2,525 to purchase medical, dental, vision, and MVEBA benefits. This amount was increased significantly for 2023 to correspond with a significant jump in premiums to maintain the same level of coverage. The change in premiums to maintain the current coverages for 2024 is much more modest, approximately 3%.

The District provides medical and vision benefits through the State's PEBB program. Dental coverage is provided by Delta Dental with Gallagher acting as the District's broker to secure the Dental coverage. Gallagher also provides broker services for the Life, ADD, LTD, and EAP services provided to employees. These coverages are paid for separately from the MVEBA stipend amount. The Insurance Carrier for these other coverages is MetLife.

Once an employee has selected their medical, dental, and vision coverage, 75% of any remaining funds from the stipend is transferred to their MVEBA Account. The employee's MVEBA account can then be used to pay for medical costs, including deductibles, prescription drugs, medical equipment, or other non-covered medical expenses. MVEBA Accounts may also be used to pay for COBRA Health Insurance costs or coverage in retirement.

Open enrollment is schedule to begin for the District's employees on November 1st and end prior to November 30th. Staff recommends a \$75.00 per month increase to the Stipend to

bring the amount to \$2,600 per month. An employee with full family medical and dental coverage would also have a monthly HRA deposit of \$11.37.

The General Manager requested direction from the Board on the MVEBA stipend amount so that staff may proceed with the open enrollment. Based on this direction, a resolution will be prepared for future Board action before the end of the year. Since the District pays the January 2024 medical and dental insurance premiums with the December payroll process, staff recommended the District's Board adopt the HRA VEBA increase in November, effective for the December payroll.

Following discussion, the Board of Commissioners concurred with the General Manager's recommendation to proceed with open enrollment based upon a MVEBA stipend of \$2,600 per month.

7.) INTERAGENCY REPORTS:

a.) Staff Report – CWSA Meeting

Mr. Brees provided a Staff Report to the Board of Commissioners regarding the CWSA Meeting.

Commissioner John Warner, General Manager Curt Brees, and Finance Manager Brad Nelson attended the Clearview Water Supply Agency (CWSA) Meeting held on October 18, 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 August and September, and an update on the Clearview Improvements RFP response.

Operations Superintendent, Joe Skeens, provided an update on the operations of the Clearview Pump Station, during the months of August and September. It was reported that there were multiple afterhours callouts during the period including one incident where one of the fixed speed pumps failed to run. This motor will need to be rebuilt; however, the spare motor was installed, and the station is back to full capacity. Routine maintenance work has been ongoing at the pump station and average pumping rates during the period ranged between 8-14 MGD. Work to install a new secondary air compressor, which was previously approved, is ongoing.

Betsie Devenny introduced Alexis Dickie, newly hired Finance Manager with AWWD, and then provided a brief Financial Report for the months of August and September. The Board was asked to approve disbursements in the amount of \$507,487.66, and vouchers in the amount of \$458,335.63. The District's utilization was 34.85% of the total volume in September. Assets of the CWSA totaled \$807,791.18 on September 30, 2023.

Engineering Director, Paul Richart reported that only one response was received to the RFP to select an engineering team to design the initial projects identified in the Capital Facilities Plan. Mr. Richart reported a second response was received late and other parties expressed having a heavy workload and were unable to undertake the proposed work. A staff team is currently evaluating the proposal and will make a recommendation to the Board at the next meeting.

Under new business, the Alderwood staff requested that the Board meet in November to review the Budget for 2024. Alderwood staff also reported that it might be a good time to review and potentially make minor housekeeping updates to the Interlocal Agreement. Some items which were identified included the definitions for attendance as the forum Board meetings has shifted to predominately virtual meetings, and timing of the annual budget presentation and financial matters related to undertaking capital projects. Staff from the three agencies will meet on these topics and bring back recommendations to the Board at a future meeting date.

The next meeting of the CWSA Board is scheduled for Wednesday, November 15, at 3:00 p.m. The meeting will be held virtually via Teams.

b.) Staff Report – EWUC Meeting

Mr. Brees provided a Staff Report to the Board of Commissioners regarding the EWUC Meeting.

General Manager Curt Brees attended the Everett Water Utility Committee (EWUC) Meeting on October 19, 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, Water Conservation Program Update, 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 the wastewater treatment plant.

Mr. P.J. Wilkerson, Department of Health (DOH), reported on staffing changes for DOH in the NW Region. Laura McLaughlin, together with Mr. Wilkerson, will be responsible for the City of Everett Water System and its wholesale customers. Mr. Wilkerson also reviewed the schedules, information session dates, and loan types available for new SRF loans.

Ms. Apryl Hynes, City of Everett, provided a Conservation Program update noting that classroom education is underway with outreach to more than 500 students already complete this year, and 263 classroom workshops have been scheduled for the current school year.

Ms. Jennifer Bailey, City of Everett, provided a report on the water supply. The Spada Reservoir storage level remains below normal for this time of year. However, we are entering the time of year where significant inflows are expected. The City of Seattle has a drought advisory in effect, both Everett and Tacoma have decided that is not warranted at this point. The Water Situation Fact Sheet and a Water Storage Elevation Graph, showing storage levels in the reservoir, are provided as an attachment.

Mr. Soheil Nasr and Mr. Jeff Marrs, City of Everett, provided updates on a few water CIP projects. 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 next phase, additional storage of at least 12 MG will be built, likely in 2025.

At the Water Filtration and Treatment Plant, the generator project is ongoing, and anticipated to be completed early next year. Work is also ongoing on Portal #4. This project, like many others, has been impacted by supply chain delays. Several other projects are planned over the winter; however, they are not expected to result in any shutdowns.

Ms. Anna Thelen, City of Everett, provided a brief update on the efforts to remove the helicopter that crashed last month in Copper Lake, which is a tributary to Spada Lake. The location is very remote, and it will be a difficult undertaking to remove the helicopter which is submerged in the lake. Water quality is being closely monitored to ensure there is no contamination from the fuel or other fluids onboard the helicopter.

The Wholesale Sewer Customer Meeting followed the EWUC Meeting. The most recent Billing Summary Sheet of sewer capital projects was briefly reviewed and is attached. There is only one project that the City is currently working on.

8.) STAFF REPORTS:

a.) District Engineer:

Mr. Smith reported that a small rounding error was discovered in the Bill of Sale for the Southard Sewer Extension. The error resulted in a \$.02 error; the amount will be corrected.

b.) Finance Manager:

Mr. Nelson provided updates on some internal projects that are underway to improve efficiencies including, a new webform for processing autopay applications and reviewing ticketing systems to manage customer service inquiries and other tasks.

With respect to rate payer assistance programs, Mr. Nelson reported that the LIHWAP is expected to return soon. It is estimated that assistance funds will be available through March of 2024. Also, for 2024, the Snohomish County Low-income threshold that the District benchmarks to for our Low-income Senior/Disabled Persons Rate, is increasing to an annual household income limit of approximately \$75,000.

Mr. Nelson reported that the Department of Retirement Systems has made available a Roth IRA option that employees may utilize in addition to the standard Deferred Compensation program. No change in the District's policies is required for the employees to take advantage of this program.

c.) Attorney:

No further report.

e.) General Manager:

Mr. Brees reported that the District HQ Solar Addition Project started this week. The project is expected to move quickly, with most of the work scheduled for completion in the next three weeks.

Mr. Brees provided an update on WCIA training and Board meeting that he attended last week. The meeting was helpful in explaining the dramatic increase in insurance costs that the District has seen over the past couple of years.

This ends the Minutes of the October 26, 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

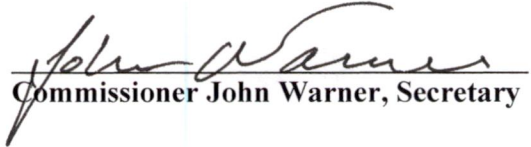
I, the undersigned, Secretary of the Board Commissioners of Silver Lake Water and Sewer District, Snohomish County, Washington (the "District"), hereby certify as follows:

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 October 26, 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 November 9, 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 9th day of November 2023.

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


Commissioner John Warner, Secretary