

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

January 25, 2024

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on January 25, 2024, 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, O&M Manager Ron Berger, and Finance Manager Brad Nelson. Eric Delfel with Gray & Osborne, Inc., and Curtis Chambers with Inslee, Best, Doezie & Ryder P.S., Attorney for the District, attended via teams meeting. The public was provided access to participate both in person at the meeting and 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 Backstrom called the meeting to order at 5:30 p.m.

2.) APPROVAL OF MINUTES:

The Minutes of the regular meeting of January 11, 2024, were unanimously approved by the Board as circulated.

3.) PUBLIC COMMENT:

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

4.) FINANCIAL MATTERS:

a.) Vouchers, and Revolving Fund Check(s) Approval

Following discussion of various matters, including a payment to CDW, and the vouchers paid by the District, to the District, for utility services at District facilities, Vouchers (Check No. 20756 - 20823) in the amount of \$1,560,611.53; Revolving Fund Checks (Check No. 9410 - 9423) in the amount of \$67,583.79, were unanimously approved by the Board and signed as follows:

Fund	Amount
Water Maintenance	\$179,094.47
Water Capital Improvement	14,695.34
Sewer Maintenance	962,415.08
Sewer Capital Improvement	404,406.64
Revolving Check Fund	67,583.79
Total	\$1,628,195.32

b.) Staff Report – 2023 Financial Statement & Financial Statement Audit Proposal-CLA

Mr. Nelson provided a Staff report to the Board of Commissioners regarding the 2023 Financial Statement and Financial Statement Audit Proposal presented by Clifton Larson Allen.

The District engages the services of Clifton Larson Allen, Mr. David Hoagland, to review and prepare the District's Annual Financial Report. Clifton Larson Allen also performs the Financial Statement audit with the State Auditor performing the Accountability (Compliance) audit.

The 2024 proposal for the Financial Period Ended December 31, 2023, was provided to the Board of Commissioners, for the review and to prepare the financial statement and conduct the audit of the financial statement. The current proposal is \$33,300, which is an increase of \$4,195 or 14.4% from the prior year. This increase included \$800.00, for assistance with GASB-96 implementation. GASB-96 relates to Long Term Information Services maintenance and support agreements. The proposed cost for the Financial Statement audit is \$14,500, which is an increase of \$1,250 or 9.40%. Staff also provided a schedule for the work.

The State Auditor's Office is also scheduling their 2022 Accountability (Compliance) Audit for the second or third week in February and will be ready to schedule an Entrance Conference shortly. The Entrance Conference is typically attended by the General Manager, the Finance Manager, and one Commissioner designated by the Board. If more than one Commissioner elects to attend, the Entrance Conference would need to be noticed as a special meeting. The Entrance Conference is typically scheduled to the convenience of the designated Commissioner.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners authorized the General Manager to execute a Professional Services Agreement with Clifton Larson Allen for accounting services.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners designated Commissioner Warner to attend the State Auditor's Entrance Conference.

5.) CAPITAL IMPROVEMENT PROJECTS:

a.) Staff Report – Pioneer Trails Lift Station & Change Order No. 1

Mr. Smith provided a Staff report to the Board of Commissioners regarding the Pioneer Trails Lift Station and Change Order No. 1.

The District awarded the contract for the Pioneer Trails Lift Station Replacement Project, in the amount of \$3,783,639.34, to Faber Construction Corporation on June 8, 2023. Pay estimates are approved by the Board monthly as needed.

For the Pioneer Trails Lift Station project, the District had originally specified the same odor control unit manufacturer, Pure Air, that was used on the Thomas Lake Lift Station project. However, after the Pure Air unit was installed at Thomas Lake, District staff determined that it is not the best option, and a higher quality model was needed.

An odor control unit from another manufacturer, EZ Vent, had been considered on Thomas Lake but not selected. EZ Vent is a similar design but a higher quality product and

construction, with an associated higher price. EZ Vent is also the odor control unit being specified on Developer Extension lift stations as needed.

The cost of Change Order No. 1 is \$61,140.80, which includes the price difference between the Pure Air and EZ Vent odor control units with sales tax, plus a cancellation/restocking fee for the Pure Air model. This amount is available in the project contingency budget.

Following discussion, where differences in the two units and the associated price were reviewed thoroughly, by motion made, seconded, and carried unanimously, the Board of Commissioners approved Change Order No. 1 in the amount of \$61,140.80.

6.) MAINTENANCE & OPERATIONS REPORTS:

a.) Staff Report – Surplus Property and Resolution No. 851

Mr. Berger provided a Staff report to the Board of Commissioners regarding Surplus Property (Truck Canopy & Arrow Board Trailer) and Resolution No. 851.

The District now has two truck mounted arrow boards used for traffic control projects; these are easier to utilize compared to the trailer mounted unit that the District originally had. Staff recommended to surplus the original arrow board trailer that is no longer used. This unit is approximately twenty years old.

In addition to this item listed for auction, the old runner truck has been repurposed to Vector chase vehicle and its canopy is no longer needed for this role and is included in this report for surplus.

As the value of the 2000 Allmand Arrow Board trailer is estimated to exceed \$2,500, staff recommended that the Board of Commissioners authorize its sale at public auction, to be held at James G. Murphy in Marysville, Washington, on April 4, 2024. The 2020 Snug Top Canopy is likely to be sold under the \$2,500.00 amount, and if staff are unable to sell this unit at public auction, staff requested authorization to dispose of such property at the least cost to the District.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved and adopted Resolution No. 851, declaring the 2000 Allmand Arrow Board Trailer and 2020 Snug Top Canopy as surplus, and authorize sale at public auction.

b.) Staff Report – Freezing Temps and Broken Pipes

Mr. Berger provided a Staff report to the Board of Commissioners regarding the freezing temps and broken pipes.

Recently, on the three-day Martin Luther King Holiday weekend, the District experienced record cold temperatures. The temperatures on Saturday were around 10 degrees, Sunday it was 34 degrees, and Monday temperatures got to a high of around 38 degrees. As this was a holiday weekend, two employees were assigned to on-call duty. Duty responder Chris Stecher was primary and fielded most of the callouts during the weekend, in total

there were 82 calls for service. On Saturday, there were 36 callouts that were mostly frozen pipes and meters. Sunday, when it started to warm up, 20 callouts were responded to, consisting mostly of no water and broken pipes. And on Monday there were 26 callouts due mostly to broken pipes in homes.

On Tuesday morning, January 16, District employees notice water running out of the District's old vacant office building located at 2210 132nd Street SE, Mill Creek. Crews shut off the water to the building and began cleaning up. Installation of fans and dehumidifiers took place along with contacting WCIA insurance with a damage report. Power was disabled to the lighting and other circuits, due to the water damage, and a portable GFCI outlet was purchased for use during cleanup operations for crew safety. In reviewing District security camera footage, it appears that the pipe broke on January 15, at about 9:15 p.m.

On Tuesday, January 23, a WCIA Insurance Claim representative came to the site to assess damages.

c.) **Staff Report – Holdover Leases with Crown Castle**

Mr. Brees provided an update to the Board of Commissioners regarding the Holdover Leases with Crown Castle.

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, reached the end of the original lease term as well as all available extensions, according to the original agreements in 2023. These two agreements were held by T-Mobile and managed by Crown Castle. T-Mobile West Tower, LLC (T-Mobile) is the successor to VoiceStream Wireless (original other party to the agreements with the District back in 1998).

Negotiations for a new lease agreement began in the spring of 2022. 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.

The General Manager worked with Kay Brossard, Inslee Best, and WCIA to develop a new agreement for both sites. This new agreement draft was completed in October of 2022 and was presented to Crown Castle. 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. 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 2023.

At the July 24, 2023, Board of Commissioners Meeting, the General Manager recommended that the District engage a consultant that specializes in representing public agencies in the development and management of lease agreements with wireless facility operators. The basis of this recommendation was that the staff efforts had not been fruitful and were no longer a good use of staff time. In addition, in the discussions with the consultant it was learned that 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. Steep Steel, LLC was selected as the District's representative to manage the negotiation of new leases and the potential sale of the other leases to Crown Castle or other interested parties.

Through the remainder of 2023, Steep Steel represented the District and advised the District on how to proceed, and has provided additional information on the value of the facilities if the District were to lease out all the sites for a fifty-year period. As Crown Castle has had the benefit of operating the existing facilities since June, and because the process has been more complicated than originally anticipated, it is now in the best interest of the District to sign a temporary extension with Crown Castle and allow the negotiations continue.

Kay Brossard, with Inslee Best, prepared the new temporary extensions with provisions to continue the lease agreements on a month-to-month basis. Crown Castle, together with T-Mobile, have reviewed the agreements and appear ready to execute the extensions and make payment for the period since the expiration of the prior extension.

Staff recommended that the Board of Commissioners, by motion, authorize the General Manager to execute the Holdover Agreements with T-Mobile West Tower, LLC.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners authorized the General Manager to execute the Holdover Agreements with T-Mobile West Tower, LLC.

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 and General Manager Curt Brees attended the Clearview Water Supply Agency (CWSA) Meeting held on January 17, 2024. The meeting was held virtually via MS Teams. The meeting topics included Election of Officers, Website Demonstration, Maintenance and Operations Report, Financial Report, and a discussion amending the interlocal agreement pertaining to the accounting of capital projects.

As this was the first meeting of the year, the Clearview Board elected officers, selecting Donna Cross (AWWD) as the President and Commissioner Skip Schott (CVWD) as the Secretary.

Alderwood staff provided a demonstration of a draft website prepared for the Clearview Water Supply Agency. The website will be a repository for the Interlocal Agreements, meeting minutes, and will be a location to post the agendas for the upcoming meetings, consistent with the requirements of the Open Public Meetings Act.

Tyler Gardner (AWWD) provided a brief M&O update noting that there were no emergency call outs over the past month. Pumping rates were higher than normal for this time of year, due to testing that Alderwood conducted to plan for a shutdown of their other Pump Stations (No. 1 and No. 2). Other routine M&O activities were reviewed.

Alexis Dickie (AWWD) provided the financial report for the Month of December. Total expenses in the report were \$356,470.87. On December 31, 2023, assets totaled \$1,712,536.68. In December, the District's utilization was 25.87% of the total. A correction of a duplicate payment for insurance was noted.

Paul Richart (AWWD) provided a brief update on the development of a scope of work with the consultant. These discussions are on hold pending potential changes to the Clearview ILA to properly account for capital project spending. The proposed changes (still in development) pertain to financial accounting procedures as the assets are held by the individual members.

The next meeting of the CWSA Board is scheduled for Wednesday, February 21, 2024, at 3:00 p.m. The meeting will be held virtually via Teams.

8.) **STAFF REPORTS**

a.) **District Engineer**

No further report.

b.) **Finance Manager**

Mr. Nelson reported that W-2 and 1095 Tax forms have been generated by the District and sent to all employees and Commissioners.

Mr. Nelson provided an update on the County administered Low Income Household Water Assistance Program (LIHWAP). Program staff are beginning the process to distribute the remaining funds. It is anticipated that the funds will go to recipients that are already qualified for the program, in one last installment. District staff have promptly responded to ensure District customers are included in the remaining allocation.

Mr. Nelson reported that staff have contacted three property owners where unauthorized Accessory Dwelling Units have been discovered. In two cases it appears to be units constructed without permits by the county or notice to the District. The third is permitted by the County but has yet to pay the District for the applicable General Facilities Charges.

Mr. Nelson reported that a staff team met this week to begin the implementation of ZenDesk, the ticketing software which will be used to streamline customer engagement.

Mr. Nelson concluded that the recruitment for the Utility Clerk 1 Part-time Job position is progressing. A team is scheduled to select candidates for interviews. Filling this position will help backfill some of the workload at the front counter, where one team member will be on Extended Medical Leave during February and March.

c.) **O & M Manager**
No further report.

d.) **Technical Services Manager**
No further report.

e.) **Attorney**
No further report.

f.) **General Manager**
Mr. Brees reported that the District's recruitment for an Associate Engineer was advertised this week.

This ends the Minutes of the January 25, 2024, 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 January 25, 2024, 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 February 08, 2024, 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 08 day of February 2024.

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



Shauna Willner, Secretary