

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

March 14, 2024

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on March 14, 2024, beginning at 5:30 p.m. Attending in-person were Commissioner John Warner, General Manager Curt Brees, District Engineer Scott Smith, Finance Manager Brad Nelson, and Associate Engineer Hawk Radosevich. Commissioner Anne Backstrom, Commissioner Shauna Willer, Technical Services Manager James Busch, Eric Delfel with Gray & Osborne, Inc., and Curtis Chambers with Inslee, Best, Doezie, & Ryder, P.S attended via Teams. 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 Backstrom called the meeting to order at 5:30 p.m.

2.) APPROVAL OF MINUTES:

The Minutes of the regular meeting of February 22, 2024, were unanimously approved as circulated.

The Minutes of the special meeting of March 11, 2024, were unanimously approved as circulated.

3.) PUBLIC COMMENT:

Mr. Brees reported that the Board of the Commissioners received written public comments in a letter dated March 4, 2024, from Peter Ojala regarding the upcoming 10th Drive Water and Sewer Project. Mr. Brees noted that the letter, a response sent on behalf of the District and project information, had been sent to the Commissioners for their review. No members of the public participated in person or by teleconference at this time.

4.) FINANCIAL MATTERS:

a.) Payroll, 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. 20945 – 21036) in the amount of \$1,939,805.84; Revolving Fund Checks (Check No. 9454 – 9470) in the amount of \$244,869.27, were unanimously approved and signed as follows:

Fund	Amount
Water Maintenance	\$332,860.41
Water Capital Improvement	36,576.91
Sewer Maintenance	990,650.63
Sewer Capital Improvement	579,717.89
Revolving Check Fund	244,869.27
Total	\$2,184,675.11

b.) Staff Report – 2023 4th Quarter Financial Report

Mr. Nelson provided a Staff report to the Board of Commissioners regarding the 2023 4th 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 report is considered Pre-closing, which means that accruals and year-end adjustments are not reflected.

The District's Fourth Quarter Pre-closing Revenues from all sources are \$40,326,206. This was an increase of \$8,232,430 compared to the Fourth Quarter of 2023. Charges for Service increased by \$2,320,217, mainly driven by the annual rate increase and a stronger demand for water. New Connection Revenues increased by \$3,855,524, primarily attributable to non-cash Bills of Sale. Interest Revenues increased by \$2,056,689, due to higher interest rates and larger cash reserves. Current economic forecasts are that the Federal Reserve Bank will hold interest rates constant through the Summer and then provide a slight rate decrease in the Fall of 2024. This should allow the District's 2024 interest revenues to remain consistent with 2023.

A Table was provided that outlined the District's Annual New Customer Revenue, separated by Bills of Sale (Donated Water and Sewer Systems) and New Connection Fee (Cash paid by New Customers as a General Facility Charge) revenues from 2014 to 2023. For 2023, there were \$4,447,347.77 of Bills of Sale revenues and \$1,116,915.00 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 investments in projects to serve new customers. The District has collected \$556,998.70 in Special Connection Fees on outlays of \$2,789,395.56. In 2023, we saw the first significant payment on the Sector 7 Special Connection fee, from the Cathcart Crossing Development. If the proposed development projects at the Cathcart site proceed as planned, we will likely recover most if not all, the Sector 7 Special Connection fee. 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 Fourth Quarter of 2023 were \$26,555,489, which is an increase of \$1,306,608 compared to the Fourth Quarter of 2022.

Except for the District's two direct tie water meters with the City of Everett, all 2023 Water and Sewer Treatment expenses are reflected in the Financial report. The total December direct tie water invoices were \$30,691.56 and are being presented to the Board of Commissioners with the March 14, 2024, Accounts Payable Report. The District also received late two minor capital project expenses which are also contained in March 14, 2024, Accounts Payable report.

Currently, the District's pre-closing Net Income through December 31, 2023, is \$13,770,717, which is an increase from 2022 of \$6,925,821.

As of July 20, 2023, the District currently has eight accounts, out of 18,645 metered water connections, delinquent with a property lien filed. The total delinquent amount of these eight accounts with a filed property lien is \$16,069.94. As of July 20, 2023, all the initial COVID customers on Installment plans have been billed. The District also has nine existing accounts with Installment plans for a total of \$14,481.99 as of December 31, 2023. The Installment plans are either for back billed unpermitted ADU connections (multi-year installment) or balance related to a leak (one year).

The District's cash and investments totaled \$61,402,189.42 which was an increase of \$8,845,605.86 from December 31, 2022. The large increase in cash is related to the significant 2023 "cash based" net income less capital expenditures.

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

5.) **CAPITAL IMPROVEMENT PROJECTS:**

a.) **Staff Report – Pioneer Trails Lift Station & Pay Estimate No. 7**

Mr. Smith provided a Staff report to the Board of Commissioners regarding the Pioneer Trails Lift Station Replacement project & Pay Estimate No. 7.

The District awarded 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. Change Order No. 1, in the amount of \$61,140.80, was approved by the Board on January 11, 2024. Pay estimates will be approved by the Board monthly as needed.

The CMU block walls for the new electrical control building were completed at the end of January, and work began on the installation of the rafters and roofing. The flow meter was installed on February 8, 2024, the concrete jib crane foundation and cable trench were poured on February 14, 2024, storm drainage was installed on the site and along the 125th Place SE curb line, finish grading work was started, and some restoration work was completed along the frontage.

Work will continue on the site until the week of March 25, 2024. At that point, the project will go into suspension until delivery of the critical path electronic components towards the end of the year. Some interim materials will be delivered in mid-year and stored at District facilities.

Pay Estimate No. 7 consists of additional percentages of the lump sum items completed during the month, storm drainage work, and restoration (i.e. curb & gutter, driveway) along the project frontage.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved Pay Estimate No. 7 in the amount of \$299,087.24.

b.) Staff Report – Cast Iron Pipe Replacement – Pre-design Consultant Contract with Kimley Horn / KPG Psomas

Mr. Radosevich presented a Staff report and Slide Deck to the Board of Commissioners regarding a Cast Iron Pipe Replacement Pre-design Consultant Contract with Kimley Horn/KPG Psomas.

The District has approximately 210 miles of existing water main pipe in the ground. Of that amount, about 30 miles is older cast iron pipe that is prone to breakage and often undersized to supply fire flow at current standards. In Chapter 8 of the adopted Water Comprehensive Plan, there is a project for Annual Main Replacement (D-12 in the amount of \$4M), as well as other individual main replacement projects, such as Silver Crest Drive (D-7 in the amount of \$1.39M) and 129th Street SE (D-2 in the amount of \$328,000).

District staff performed an in-house analysis of cast iron pipe areas, break locations, roadway restoration requirements, development potential, etc. to develop a priority plan for water main replacement. There are approximately 30 small subprojects identified around the District, and four of those were grouped into two phases to launch the Cast Iron Pipe Replacement Program (CIPRP).

One subproject is in the Evergreen Ridge neighborhood at 61st Avenue SE on the north side of 134th Place SE, where some of the current project scope for water main replacement was previously planned as a Developer participation project (Highland Park Townhomes). However, that development has not moved forward, and District staff would not recommend partnering with that specific developer. The previous work and costs associated with that project would still be utilized and transferred to the new CIPRP.

The Evergreen Ridge project would be coupled with a water main replacement in the City of Mill Creek in the Silver Crest Drive neighborhood, for what is being designated as Phase 1 of the CIPRP. Phase 2 would consist of two areas in the Silver Acres neighborhood and would complete some replacement sections near the 10th Drive SE project, as well as the area along 124th Street SE near I-5. Development in the latter subarea is hampered by a large amount of undersized water main that cannot meet current fire flow requirements.

Phase 1 of the CIPRP includes approximately 10,500 feet of water main replacement, and Phase 2 in Silver Acres is approximately 6,100 feet of pipe. Project work can be scaled to fit site constraints and available funding, but for comparison, the upcoming 10th Drive SE project consists of 5,100 feet of water main replacement. As part of the pre-design work, areas in the projects currently on septic will be analyzed to determine whether adding new sewer at the same time as water main replacement would be cost effective.

A Request for Qualifications (RFQ) for design of the CIPRP was sent out in mid-August 2023. Eight consultant submittals were received and evaluated by District staff. Three firms were selected for interviews, KPG Psomas, Kimley Horn, and RH2, which were held during the week of October 16, 2023. All three firms did very well in the interviews, and District staff recommended splitting the CIPRP design work by phases with the top two firms, KPG Psomas and Kimley Horn.

Scope and fee negotiations for pre-design of the CIPRP began with the two consulting firms over the holiday season and concluded at the end of February 2024. Both scopes are similar and include typical elements of survey work, utility coordination, cultural resources survey (on the assumption that State PWTF loans may be obtained in the future), geotechnical investigation, a future public outreach plan, new sewer evaluation, identification of permitting needs, and preliminary design work.

However, there are some notable differences between the two CIPRP phases. Phase 1 with KPG Psomas involves two land use and permitting jurisdictions, Snohomish County, and the City of Mill Creek. There are also identified critical area wetlands near Silver Crest Drive at 35th Avenue SE, and roadway restoration is more of an unknown with the City. Consequently, the pre-design plans would only be advanced to 10% with two alignment options instead of a more typical 30% design level. In Phase 2 with Kimley Horn, there could be a creek crossing involved, which would have its own set of permitting processes.

Funding for the CIPRP was included in the adopted 2024 Financial plan for design in 2024 and construction tentatively in 2025/2026. The timing of each phase is still to be determined and will depend on design progress, permitting by the land use agencies, and managing staff workload. Funding for later phases of design and/or construction could also be pursued from the State Department of Commerce, similar to the PWTF loans obtained for the 10th Drive SE project.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners authorized the General Manager to execute a consultant contract with KPG Psomas in the amount of \$335,642.05, for Pre-Design of Phase 1 of the Cast Iron Pipe Replacement Program.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners authorized the General Manager to execute a consultant contract with Kimley Horn in the amount of \$271,600.00, for Pre-Design of Phase 2 of the Cast Iron Pipe Replacement Program.

6.) **MAINTENANCE & OPERATIONS REPORTS:**

a.) **Staff Report – Equipment Purchase – Mechanic Truck Body w/Crane/Resolution No. 853**

Mr. Brees presented a Staff report to the Board of Commissioners regarding Equipment purchase – Mechanic Truck Body with Crane and Resolution No. 853.

Mid 2021 through early 2023, the District experienced considerable delays in the delivery of new vehicles. Drawing from these experiences, when the District ordered a F-550 heavy duty truck chassis in early 2023 to replace Truck #46 (2009 F-550 truck with a mechanic body and crane) we elected to just order just the chassis, anticipating that we would not see it until at least 2024. Much to our surprise, we took delivery of this truck in 2023.

With the truck chassis delivered, staff next reviewed available State Bid contracts and other purchasing co-ops and determined that there were no contracts available for us to directly use and competitive bidding was required due to the anticipated cost. Staff worked to

develop technical specifications and bid documents to supply and install a truck body and crane suitable for the District's needs.

The invitation to bid was first published on January 31st, with bid proposals due on February 15th, 2024. The District received three bids in response to the bid solicitation; bid tab was provided to the Board of Commissioners. Scelzi Enterprises, Inc. submitted the lowest bid with no exceptions to the District's technical specifications. The price to supply and install the Mechanic Truck Body and Crane on the District's chassis totals \$123,413.75, including tax. The new truck, when completed, will be very similar to the one it replaces, in that both have a utility body on an F-550 chassis with a heavy-duty hydraulic crane. This truck is assigned to the District's Pump Mechanic to maintain the District's lift stations and booster stations.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved Resolution No. 853, authorizing the purchase and installation of a Mechanic Truck Body and Crane per the District's specifications from Scelzi Enterprises, Inc., at a total cost of \$123,413.75 including applicable sales tax.

b.) Staff Report – Incumbent Worker Training Agreement with Workforce

Mr. Brees provided a Staff report to the Board of Commissioners regarding the Incumbent Worker Training Agreement with Workforce.

The District, in partnership with Evergreen Rural Water, has enrolled three employees to an L&I Approved Apprenticeship Training Program. O&M Manager Ron Berger and General Manager Curt Brees have met with representatives of the Snohomish County Workforce on several occasions seeking opportunities to recover some of the apprenticeship training costs from available funding programs.

In the past, our timing has been off in that the enrollment date of the Apprenticeship Program did not coordinate with funding opportunities or if our worker was newly hired to the District this didn't qualify for the Incumbent Worker Training Program.

In December of 2023, Jacob Ainley completed the Apprenticeship Program and was appointed to fill a vacancy as a Utility Worker I. In this new position, Jacob is required to obtain his CDL Class A Driver's License. To obtain a CDL Class A Driver's License, one must attend a 160-hour driver training program and pass the physical examination, a written test, and driving examination. The cost of the training is \$5,000 in addition to wages paid during the 160 hours of training.

As this, the worker (Jacob) will obtain an industry recognized certification and has been employed by the District for more than 6 months, he is eligible for funding from Snohomish County Workforce through the Incumbent Worker Training Program (IWT). The District has made an application and has been approved for 90% reimbursement of the training cost (\$4,500) provided that the District pays the employees' wages during the training (when other workers have received this training the District paid the full training cost and wages).

Staff recommended that the Board of Commissioners, by motion, authorize the General Manager to execute the Agreement with Snohomish County Workforce, to reimburse the District for CDL Truck Driver Training through the Incumbent Worker Training program.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners authorized the General Manager to execute the Agreement with Snohomish County Workforce, to reimburse the District for CDL Truck Driver Training through the Incumbent Worker Training program.

7.) INTERAGENCY REPORTS:

a. Staff Report – CWSA Meeting

Mr. Brees provided a Staff report to the Board of Commissioners regarding the Clearview Water Supply Agency Meeting.

Commissioner John Warner and O&M Manager Ron Berger attended the Clearview Water Supply Agency (CWSA) Meeting held on February 21, 2024. The meeting was held virtually via MS Teams. The meeting topics included Maintenance and Operations Report and Financial Report

Through the approval of the meeting minutes, the Board confirmed the election of officers which occurred at the January meeting. Commissioner Cross (AWWD) will continue as President and Commissioner Shott (CVWD) will continue as Secretary.

Tyler Gardner (AWWD) provided a brief M&O update noting that there were no emergency call outs during January. Routine Maintenance work completed in January included regular inspections, inspecting an oil leak on a flow control valve, HVAC maintenance and annual fuel polishing. Crews also worked on the installation of a new line to connect to the new (backup) air compressor. A photo of the installation work was in the meeting packet.

Alexis Dickie (AWWD) provided the financial report for the Month of January, total expenses in the report were \$336,198.47, on January 31, 2024, assets totaled \$1,381,867.29. In January, the District's utilization was 31.15% of the total.

The next meeting of the CWSA Board is scheduled for Wednesday, March 20, 2024, at 3:00 p.m. The meeting will be held virtually via Teams.

8.) STAFF REPORTS:

a.) District Engineer:

Mr. Smith reported that the new Associate Engineer position has been offered to, and accepted by, Brian Malen. Brian will begin the transition from his current role to this new role at the start of the next period. Brian holds a B.S. in Aeronautical Engineering from the University of Washington and has held positions with the District in both Operations and Technical Services.

Mr. Smith, in response to a question from Commissioner Warner, provided a status update on the Lift Station No. 2 study that is evaluating options relative to landslide risks.

b.) Finance Manager:

Mr. Nelson reported that Pratibha Agarwal started work with the District last week in the part-time Utility Clerk position.

Mr. Nelson next reported that the SAO staff is here at the District office conducting the 2022 Accountability Audit. In preparation for the Exit conference, Mr. Nelson asked the Board to confirm that Commissioner Warner would represent the Board at this meeting. Following Discussion, the Board confirmed that Commissioner Warner would represent the Board at this meeting.

Mr. Nelson reviewed a story that was recently published regarding an audit finding at a nearby City pertaining to utility billing collection practices and noted differences in how the District handled some of these same challenges related to collections and administration of state funded customer assistance during Covid.

Mr. Nelson reported that AWWD staff have been communicating that the calculation of the 2024 Wholesale Water Rates are delayed due to delays in receiving information from the City of Everett. The District has also seen a delay in the fact that we have not yet received information on the 2024 Sewer Rate calculations.

In closing, Mr. Nelson informed the Board that at the end of the month he would transfer funds from the District's business account to its investment account.

c.) IT Manager:

Mr. Busch noted that Brian Malen will do well in his new role and that the internal transition should be smoother than if he had been hired by an outside agency to a similar role.

d.) Attorney:

No further report.

e.) General Manager:

Mr. Brees confirmed conference registration for the Commissioners to the upcoming WASWD Spring Conference scheduled for April.

This ends the Minutes of the March 14, 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 March 14, 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 March 28, 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 28th day of March 2024.

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



Shauna Willner, Secretary