

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

March 28, 2024

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on March 28, 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, and Technical Services Manager James Busch. 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 March 14, 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. 21037 - 21100) in the amount of \$975,777.25; Revolving Fund Checks (Check No. 9471 - 9479) in the amount of \$102,218.12, were unanimously approved by the Board and signed as follows:

Fund	Amount
Water Maintenance	\$174,247.35
Water Capital Improvement	3,325.72
Sewer Maintenance	753,998.93
Sewer Capital Improvement	44,205.25
Revolving Check Fund	102,218.12
Total	\$1,077,995.37

5.) DEVELOPMENT PROJECTS:

a.) Staff Report – 1st Quarter Bills of Sale

Mr. Smith provided a Staff report to the Board of Commissioners regarding the 1st 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 accept the Bills of Sale, cumulatively, at the end of each quarter. Three DE projects were completed in the 1st Quarter of 2024. At least two more DE projects, including Phase 2 of Cathcart Crossing and the Bakerview Lift Station, are in the closeout stage for potential 2nd Quarter of 2024 reporting.

The projects listed below have completed construction and the District is in receipt of the respective Bills of Sale. A summary spreadsheet was provided to the Board of Commissioners that identified the infrastructure value on each project in the 1st Quarter of 2024. Staff requested the Board of Commissioners accept the Bills of Sale for the following development projects:

- **Jolokai ADU** – New sewer manhole and laterals for a new ADU in the Cross Valley service area.
- **Remington East** – New sewer infrastructure for 66 lots in the Cross Valley service area.
- **Sunset Road SP** – New utility infrastructure for 9 lots on Sunset Road at 180th Street SE.

The value of the developer contributed facilities received by the District in the 1st Quarter of 2024 is \$496,447.46.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved and accepted the Bills of Sale for 1st Quarter of 2024.

6.) CAPITAL IMPROVEMENT PROJECTS:

a.) Staff Report – 10th Drive Construction Contract Award

Mr. Smith provided a Staff report to the Board of Commissioners regarding the 10th Drive Construction Contract Award/CM Contract with Kimley Horn.

On January 11, 2024, the Board authorized staff to execute a Public Works Board (PWB) Construction Loan contract in the amount of \$2.0 million for the water main portion of the 10th Drive SE Water and Sewer Improvement Project. The Work will consist of installing approximately 5,100 feet of new 12-inch water main in 10th Drive SE and replacing approximately 80 service lines between 118th Place SE and 131st Street SE.

The existing water mains are 50+ year old cast iron 6 or 4-inch pipe, and this project would provide a new distribution backbone in the Silver Acres area between Master Meter 3 and two existing 12-inch water mains to the south. There is a Comprehensive Plan Project (No. D-4) for a portion of the water main in 10th Drive SE, which was included in the calculation of the current water General Facility Charges (GFC). Consequently, the loan payments for the water main portion of the project would be repaid from the Water Fund via GFC Payments and General Rate Revenues.

In addition, 2,300 feet of new 8-inch sewer main would be installed in 10th Drive SE between 118th Place SE and 126th Street SE to provide service to parcels currently on septic. The cost of the new sewer main portion of the project would be paid from the Sewer Fund with recovery from each connection through a new Special Connection Fee, similar to what was done for the 12-inch water main on 131st Street SE and the Sector 7 Lift Station. A Resolution to enact the Special Connection Fee will be considered later when the final construction costs are known.

Including the sewer work is in alignment with the County's 2024 Comprehensive Plan update which allows for substantial higher density redevelopment in the Silver Acres neighborhood due to proximity to I-5 and a future light rail station. The planned sewer work is limited to areas that could be served in a cost-efficient manner by considering the number of customers who could be served, excluding areas which would have required deep excavation, and only included in segments where road restoration was already required by the water main replacement.

Design and permitting work were completed in January by the District's consultant, Kimley Horn, and the construction project was advertised for bids for three weeks in February. Two minor addenda were issued, and bids were opened on March 6, 2024. Nine bids were received, two hard copy and seven electronic, and a virtual bid opening was held via Teams. The lowest submitted bid in the amount of \$4,369,111.19 was from Shoreline Construction Company out of Woodinville. The design engineer's estimate was \$5,266,128.01 with nine months for construction, and bid results were provided to the Board of Commissioners.

Shoreline is a well-known local company that has done similar work for several public agencies and Districts in the past, including AWWD and on Silver Lake's Lift Station No. 3 Force Main project in 2023. While a subcontractor had significant issues on the interior electrical portion of the District's Lift Station No. 3 project, the underground pipe work in the roadway that was done by Shoreline went well, especially given the number of conflicts between the plans and field conditions. Shoreline was also the contractor on a District participation project with the Brasswood developer in October 2021, and will be installing 2,200 feet of new developer sewer main in Lowell Larimer Road this spring.

There were a few unusually low unit price amounts in Shoreline's submitted bid, specifically items A22-A25 and B19-B21. However, those items would only be used as needed for poor ground conditions if encountered during pipe excavation. Shoreline understands and accepts the risk if those bid items are used and only paid the submitted

price. The Traffic Control Supervisor bid items were also low, but Shoreline understands that payment of prevailing wages is required and believes their total traffic control amount is correct for their proposed seven-month work schedule. Therefore, District staff recommends awarding the 10th Drive SE Water and Sewer Improvement Project to Shoreline Construction Company as the lowest responsive and responsible bidder.

Staff proposed that Kimley Horn continue involvement in the project, by providing construction management and inspection services. This will provide for good continuity with the consultant design and public outreach team, and the District will be providing some inspection staff as well. A scope and fee from Kimley Horn in the amount of \$433,600.00 was provided to the Board of Commissioners. A separate but standard District consultant contract will be used for the construction management work.

Finally, in accordance with the Project Approval process that was presented to the Board on November 10, 2021, the award of the construction contract is also the timeframe to approve a formal project budget.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved Resolution No. 854, to award the construction contract to Shoreline Construction Company in the amount of \$4,369,111.19 for the 10th Drive SE Water and Sewer Improvement Project.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved the proposed Scope and Fee in the amount of \$433,600.00 from Kimley Horn for construction management of the 10th Drive SE Water and Sewer Improvement Project.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved the proposed project budget in the amount of \$5,442,347.00 for the 10th Drive SE Water and Sewer Improvement Project inclusive of design, permitting, construction, construction inspection, and a project contingency.

b.) Staff Report – Quarterly CIP/DE Updates

Mr. Smith provided a Staff report to the Board of Commissioners regarding the Quarterly CIP/DE Updates.

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 an updated Status Matrix for both active Capital and Developer Extension projects in the 1st Quarter of 2024 was provided to the Board of Commissioners. During the Board meeting on March 28, 2024, staff provided a summary of active projects for discussion by the Board.

Mr. Smith, in response to a question from the Board of Commissioners, provided additional details on two County projects, the Valve and Manhole Adjustments project related to the overlay project on the Cathcart Way Corridor, and the relocation of District facilities related to the 43rd Avenue/Sunset Road Project. Cathcart Way is scheduled for work this year, with the project awarded to Granite Construction. The scope of work for the District's portion is One Hundred and Thirty-Eight Thousand dollars (\$138,000). Design is continuing for the 43rd Avenue/Sunset Road Project but construction is delayed and will not occur in 2024.

Mr. Smith also reviewed the Jolokai ADU project that was recently completed and accepted. This project is unique in that it is a second dwelling on a large parcel of land that is located in Cross Valley Water District but served by the District under the terms of the ILA between the agencies. Mr. Smith reviewed that the new structure will be billed directly as a customer of the District as it receives both water and sewer service from the District. The sewer service will be billed at the Cross Valley Rate and the water at the District's regular water service rate, which is the same as the other existing home on the property.

7.) MAINTENANCE & OPERATIONS REPORTS

a.) Staff Report – KPG Psomas Task Order No. 6

Mr. Brees provided a Staff report to the Board of Commissioners regarding the KPG Psomas Task Order No. 6.

On August 12, 2021, the Board approved an On-call Engineering contract with KPG-Psomas using a task order format. The Contract was extended for an additional 2-year term in August of 2023. Five task orders have been issued to KPG-Psomas, most recently Task Order No. 5 to review slope stability concerns and conduct geotechnical analysis at the Woodlands North Lift Station.

In January of this year, during the prolonged freezing period that occurred over a weekend, a water pipe burst and caused significant flooding in the vacant old administration building at the Reservoir No. 4 site. Staff have completed initial cleanup efforts, extracting the water from carpets, and running fans to remove excess moisture. An initial claim was filed with WCIA to document the damages.

This portion of the site and the building are no longer in active use, staff have been taking steps towards making the front lot surplus for sale to another public agency or other buyers. Most recently, a boundary line adjustment was completed to adjust the lot lines to a location that would segregate the portions of the site the District intends to retain from what will be surplus.

Over the years, several discussions have been held with the City of Mill Creek and we have received several inquiries about other commercial uses of the property. In most cases there has been no interest in using the existing building, interested parties have expressed that they would demolish the building to make way for their intended use. The current building was built in the early 1970s and would require substantial remodeling for any use.

Considering these factors, the property will likely be more valuable when the building is demolished, and the District will allocate funds from the insurance claim to offset some of the demolition cost. Based on performance by KPG-Psomas on other task orders and availability to complete this work promptly, staff requested a proposal to develop plans, specifications, permits, and bid support for the demolition of the old administration building.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners authorized the General Manager to execute Addendum 1 to the On-call Engineering Contract with KPG-Psomas, increasing the compensation not-to-exceed amount to \$200,000.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners authorized the General Manager to execute Task Order No. 6 with a not-to-exceed amount of \$24,313.00 with KPG-Psomas. The scope of work includes developing plans, specifications, permits, applications, and bid documents as needed for the demolition of the District's old administration building at the Reservoir No. 4 site.

b.) Staff Report – FortiGate Firewall Purchase

Mr. Busch provided a Staff report to the Board of Commissioners regarding the FortiGate Firewall Purchase.

The District currently has 37 network firewalls installed at remote facilities, including Reservoirs, Lift Stations, Master Meters, and PRVs. The firewall provides cybersecurity protection to the networked equipment at each location and enables a secure connection back to District headquarters for remote monitoring. Some of these firewalls are newer and were purchased and installed more recently as part of new developer lift stations or District lift station replacements (Thomas Lake, LS 4, Brasswood, Bakerview). However, most of the existing firewalls were purchased in May of 2019 and installed the same year. Since installation, the firewalls have been reliable. In 2023, staff began experiencing sporadic hardware failures and replaced the failing units with spare equipment kept on-hand for emergencies. To plan for future hardware failures and to have emergency spare equipment on-hand, staff planned to purchase 15 new firewalls in 2024, and to replace all remaining firewalls by 2025-2029, and included this in the 2024 Financial plan.

In January of 2024, ten new firewalls were purchased to plan for failures and proactive replacements. In the first three months of 2024, the District experienced 11 firewall failures. Five more firewalls are currently on order to prepare for additional failures and to replenish emergency spare equipment inventory.

Due to the accelerated rate at which the firewalls are failing, staff is seeking authorization to purchase up to 20 additional firewalls in 2024 at an estimated cost of \$47,697.20, plus applicable tax, to be ordered as-needed when equipment fails and to keep emergency replacements on-hand. This equipment is purchased via the OMNIA ESCR4 Technology Solutions master contract.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners authorized the purchase of up to 20 additional firewalls in 2024 via the OMNIA master contract, at an estimated total cost of \$47,697.20, plus applicable tax, to be ordered as-needed when equipment fails and to keep emergency replacements on-hand.

8.) 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 February 21, 2024. The meeting was held virtually via Teams. The meeting topics included a Maintenance and Operations Report and a Financial Report.

Tyler Gardner (AWWD) provided a brief M&O update noting that there were no emergency call outs during February. Routine Maintenance work completed in January included regular inspections, collecting oil samples from pump motors for analysis, installation of a new air compressor, annual VFD inspection, and preventative maintenance and maintenance to some of the electrical systems.

Alexis Dickie (AWWD) provided the Financial report for the Month of February. Total expenses were \$302,716.89. On February 28, 2024, assets totaled \$1,249,037.14. In February, the District's utilization was 29.66% of the total.

The next meeting of the CWSA Board is scheduled for Wednesday, May 15, 2024, at 3:00 p.m. The April meeting was canceled, due to a conflict with the WASWD Spring conference. The May meeting will be held virtually via Teams.

9.) STAFF REPORTS:

a.) District Engineer

No further report.

b.) Technical Services Manager

No further report.

c.) Attorney

No further report.

d.) General Manager

Mr. Brees reported on behalf of the Finance Manager that the District has received the preliminary Everett Sewer Rate Calculation for 2024. The proposed rate is about a 6% increase; however, this is less than what was previously forecasted.

Mr. Brees also reported on efforts to fill current position vacancies, there are two current open positions out for recruitment, The IT Technician position is due to a current employee,

moving to the new Associate Engineer position and the AP/Payroll Coordinator role is being recruited following notification by the incumbent of their intent to retire at the end of April.

Mr. Brees also reported that he received notice today that the District's Finance Manager intends to also retire in the month of April. Work will begin immediately to fill this role.

The General Manager requested an Executive Session to discuss matters pursuant to RCW 42.30.110 (1) (i). A motion was made, seconded, and unanimously approved by the Board of Commissioners to convene an Executive Session to discuss this matter. Before convening to the Executive Session at 6:18 p.m., Commissioner Backstrom advised that the Executive Session would be concluded at 6:23 p.m. The Executive Session concluded at 6:23 p.m. and the open public meeting reconvened.

This ends the Minutes of the March 28, 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 28, 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 April 11, 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 11 day of April 2024.

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



Shauna Willner, Secretary