

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

August 9, 2018

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on August 9, 2018, beginning at 5:30 p.m., at the District Administration Building. Attending were Commissioners Bill Anderson, Rod Keppler, and Anne Backstrom. Also present were General Manager Curt Brees, District Engineer Rick Gilmore, and Finance Manager Brad Nelson; Eric Delfel with Gray & Osborne, Inc., and John Milne with Inslee, Best, Doezie, and Ryder P.S., Attorney for the District.

**1.) CALL TO ORDER:**

Commissioner Anderson called the meeting to order at 5:30 p.m.

**2.) APPROVAL OF MINUTES:**

The Minutes of the regular meeting of July 26, 2018 were unanimously approved as circulated.

**3.) PUBLIC COMMENT:**

Mr. Robert Gibson, a resident and customer of the District, addressed the Board regarding a large bill related to a water leak on his property. Mr. Gibson detailed how he was notified by the District following a high consumption meter reading and how, with the assistance of the District's personnel, he had located a water leak in his private water service line between the water meter and his home. Mr. Gibson contracted with a plumber to repair the leak at considerable expense and requested relief from the Board on his most current bi-monthly bill for water and sewer service. Commissioner Keppler explained to Mr. Gibson that the District pays other agencies for the water that is provided to customers and therefore if the District were to credit customers for a leak, there would be an additional expense to all other customers. Mr. Keppler also explained as a property owner in the District, he has also received and paid similar bills for water leaks at his private property. The General Manager then explained that in these situations, the District offers a payment arrangement plan where the large bill can be paid over several months. Mr. Gibson acknowledged that he was aware of this option and intended to take advantage of that opportunity.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners denied Mr. Gibson's request to provide relief on his large bill.

**4.) FINANCIAL MATTERS:**

**a.) Payroll, Vouchers, and Check(s) Approval**

Following discussion of various matters, payroll, vouchers, and revolving fund checks were unanimously approved and signed as follows:

<b>Fund</b>	<b>Code</b>	<b>Number</b>	<b>Amount</b>
Water Maintenance	743 5408666	.08-001-.08-036	\$72,027.14
Sewer Maintenance	743 5418666	.08-001-.08-008	17,694.00

Sewer Capital Improve.	743 5448666	.08-001-.08-004	132,166.30
Water Capital Improve.	743 5468666	.08-001-.08-004	236,196.77
Revolving Check Fund		6089 - 6099	51,032.27
<b>Total Warrants</b>			<b>\$509,116.48</b>

**5.) CAPITAL IMPROVEMENT PROJECT(S):**

**a.) Staff Report – Headquarters Project Update**

Mr. Brees presented a verbal summary to the Board of Commissioners of a Staff report with attached Pay Application No. 12 and Change Order No. 7, regarding the District’s Headquarters Upgrade Project.

The contractual substantial completion for the project was July 20, 2018, taking into account additional schedule allowed to Petra, Inc. as a part of Change Order No. 6, approved on June 28, 2018. While Petra continues to make a significant amount of progress, they still have yet to reach substantial completion. Currently, they are forecasting substantial completion sometime next week (August 12-17, 2018). The contractor’s current focus is completing the sleeping quarters, laundry room, and restroom, including the installation of drop ceiling, tile floors, casework, fixtures and partitions. The other primary focus area is site work in preparation of final paving, including grading, installation of curb, gutter and sidewalks. Access into the public entry over the next two weeks will be limited as the upcoming work includes replacement of the walkways, and grinding and overlaying of the parking lot.

Pay Application No. 12 was submitted for review and approval. The total payment requested is \$246,909.05 for work completed in the month of July.

Change Order No. 7 was submitted for review and approval. This change totals \$1,661.17 and has been provided for the work to install a vapor barrier as required by energy code in the new finished sleeping quarters, restroom, and laundry room. This vapor barrier was not included in the plans or specifications.

Staff requested the Board of Commissioners review Pay Application No. 12 and Change Order No. 7 and if in agreement by motion, direct staff to process a payment for Pay Application No. 12 and authorize Change Order No. 7. The total payment to Petra, Inc., minus retainage requested, including Pay Application No. 12, is \$246,909.05.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved Pay Application No. 12 and Change Order No. 7 and directed staff to prepare a payment to Petra, Inc., minus retainage requested, in the amount of \$246,909.05.

**b.) Staff Report – Reservoir No. 3 Improvement Project Update**

Mr. Gilmore presented a verbal summary to the Board of Commissioners of a Staff report and Gray & Osborne’s Letter of Recommendation and Progress Pay Estimate No. 8, regarding the Reservoir No. 3 Improvements Project update.

Foss Painting has removed the shop applied primer from all of the stair, catwalk, and rail system components that were improperly prepared for the primer application. This work was performed by the Contractor at no cost to the District. Foss is now applying a Tnemec approved primer and coating system that will be compatible with the existing tank paint system and will color match the existing paint pattern.

The booster station interior painting of the block walls is complete and the electrical cabinet installation has begun. The restroom wall framing is complete and the ventilation louvers for the booster station are installed. Wall framing for insulation and the noise abatement panel installation is in progress.

Progress Pay Estimate No. 8 was prepared by Gray & Osborne (G&O). Their Letter of Recommendation to pay RAZZ Construction for the work performed through August 3, 2018, as identified on Pay Estimate No. 8, including sales tax, is in the amount of \$87,639.33. The total payment made through Pay Estimate No. 8 represents completion of 47% of the contracted work. RAZZ Construction has provided a Retainage Guarantee Bond.

Mr. Gilmore requested the Board of Commissioners review Pay Estimate No. 8 and if in concurrence by motion, direct staff to process a payment to RAZZ Construction for work performed as identified, including Washington State Sales Tax, in the amount of \$87,639.33.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved Pay Estimate No. 8 and directed staff to process a payment to RAZZ Construction for work performed as identified, including Washington State Sales Tax, in the amount of \$87,639.33.

**c.) Seattle Hill Road – Insertion Valves Project Update**

Mr. Gilmore provided a verbal report to the Board of Commissioners regarding the Seattle Hill Road Insertion Valves Project. Mr. Gilmore discussed the efforts that District staff is undertaking to gain approval from WSDOT to proceed with work in the State right-of-way. As this is a small project that only impacts the right-of-way at a few specific locations, it had been hoped and there was initial indication from WSDOT that the approval process might be informal and coordinated with WSDOT's own work. However, the District is being required to prepare a full permit submission. It is still hoped that the work can be completed in advance of WSDOT's paving project that is currently underway.

**d.) Developer Extension Agreement(s)**

Mr. Gilmore presented a verbal summary to the Board of Commissioners of two Staff reports with attached Project Site Maps regarding Developer Extension Agreements for the 29<sup>th</sup> Avenue Short Plat and Wright 4-lot Short Plat.

The 29<sup>th</sup> Avenue Short Plat is located at 29<sup>th</sup> Avenue and 123<sup>rd</sup> Street SE. It is a nine lot subdivision located at the north side of Stonewater Creek Division 1 and adjacent to 29<sup>th</sup> Avenue SE. Sewer and water will be required for the plat. Sewer needs will be extended from existing sewer facilities crossing the property on an easement that will be converted

to a public right-of-way connecting mains in the plat of Stonewater Creek Division 1 to District mains in 29<sup>th</sup> Avenue SE.

This property was originally proposed as a plat by Mr. Arnie Kegel who granted the District a sewer easement that allowed for sewer extension to the Everett LDS Meeting House on 29<sup>th</sup> Avenue SE. The Developer is Reykdal Construction, Inc.

The Wright Short Plat is a four lot subdivision located on the west side of Ruggs Lake. The project location is 12707 25<sup>th</sup> Avenue SE. Sewer and water will be required for the plat needs. The sewer will be extended from existing sewer facilities north of the property. Water service to the proposed lots will be by service connection only. The Developers are David and Portia Wright.

Following discussion, by motion made, seconded, and passed unanimously, the Board of Commissioners approved and executed the DEA's for the 29<sup>th</sup> Avenue Short Plat and Wright Short Plat.

## **6.) MAINTENANCE & OPERATIONS**

### **a.) Staff Report – Water Quality Staffing Plan**

On July 12, 2018, Casey Parks, the District's Water Quality Supervisor, submitted a Notice of Separation announcing his retirement.

Mr. Berger met with General Manager Curt Brees to develop a future staffing plan for this Water Quality position when vacated, as they would like to open this position internally. They looked at the position's key role and responsibilities and determined that two positions will be best suited for the future needs of the District and its Water Quality Program.

They recommended re-structuring the Water Quality Program by transitioning it from the current Supervisor role and rotating Journey Level 2 into two equal positions, each titled Water Quality Coordinator. The two positions would work independently within the Water Quality Program and team up as necessary for work that requires more than one employee. These roles would be rotated yearly so that both Coordinators would be cross-trained in all of the responsibilities of the Water Quality Program. The Water Quality Coordinator positions would be re-structured on the District's current Organizational Chart. The pay range would be above a Journey Level 2 and below a Crew Lead position. These positions would report directly to the Operations & Maintenance Manager.

With this re-structure, the District could always have a Water Quality Coordinator staffed during vacations, sick leave, or other events, and would be better prepared for emergency water quality issues.

In the event the Water Quality Coordinator positions are filled from within the organization, the District would need to hire an additional Journey level employee to fill the vacated position. Currently, one Journey level employee is assigned to the Water Quality Program to work under the direction of Mr. Casey Parks. The proposed

reorganization will not change the total number of District employees or the number of employees assigned to the Water Quality Program.

Staff requested the Board of Commissioners approve the preliminary plan for the Water Quality Program. With the Board of Commissioner's approval, staff will finalize the draft position description and salary range for the positions. The position descriptions and salary range would be presented to the Board of Commissioners for final approval.

Following discussion, by motion made, seconded, and unanimously passed, the Board of Commissioners approved the proposed re-structuring of the Water Quality Program creating two new position titles of Water Quality Coordinator. Recruitment for these two positions will be an internal recruitment initially.

**b.) Staff Report – Update on Procedures Related to Upsized Connections**

Mr. Nelson provided a verbal summary to the Board of Commissioners of a Staff report with attached highlights of Resolution No. 674 and Resolution No. 756, Water and Sewer Connection Fees, and 2018 Rate Tables regarding Procedures Related to Upsized Connections Including Additional Dwelling Units.

The District's current General Facility Fee resolution, Resolution No. 674, and Water and Sewer Rates resolution, Resolution No. 756, defines a dwelling unit class of customer and assesses additional fees and charges for each dwelling unit. Originally, the meaning for Accessory Dwelling Units (ADU) or Dwelling Units were similar between both resolutions. However, since the water and sewer rate resolutions changed more frequently, the classification has been better defined in the water and sewer rate resolutions to address some of the complex issues surrounding Dwelling Units. For example, the Accessory Dwelling Unit (ADU) or Dwelling Unit wording was simplified to define Dwelling Units only. In addition, the physical separation of Dwelling Units was clarified to include a lockable door.

Typically, additional Dwelling Units are associated with duplexes; single family homes creating an additional Dwelling Unit; duplexes creating an additional Dwelling Unit; multi-generational housing, or a home within a home; garages converted to include an additional Dwelling Unit; and even single family homes creating two additional Dwelling Units.

Most Dwelling Unit connections are identified/authorized/permitted when a customer comes to the District and applies for a Letter of Water Availability for a building permit. The District has also requested that the City of Mill Creek and Snohomish County provide the District notice when a property owner has submitted for an additional dwelling unit type permit through their land use and permitting authority.

However, in some cases customers have constructed additional Dwelling Units without county or city permits and/or without notice to the District. These connections are much harder to find and tend to arise during a customer's communication with staff. The District's practice has been to not actively look for unpermitted/unauthorized Dwelling Units as it would not be practical to monitor 18,000 accounts; but to respond when the

District has received some type of indication of unpermitted/unauthorized dwelling unit exists.

Historically, when the District became aware of an unpermitted Dwelling Unit, staff would review publicly available information such as Snohomish County permit data, Snohomish County Assessor records, real estate listings, PUD power meters, or addressing. If an unpermitted Dwelling Unit connection was found, the District would back bill the customer for service charges and the General Facility Fee due at the time when the connection was made. Customers have the ability to file an appeal to the District for a Utility Hearing if they disagree with the determination.

On March 10, 2016, the Board approved a staff recommendation to suspend enforcement of the District's policy to charge for Dwelling Units for properties that possibly had an unpermitted additional Dwelling Unit. The basis for the staff recommendation was the upcoming Water and Sewer Comprehensive Plan adoption that would trigger a new General Facility Fee resolution which could possibly change the definition of a Dwelling Unit.

Since the 2016 report, this issue continues to come up. Staff now recommends revisiting the procedures related to upsized connections and additional Dwelling Units.

Staff requested the Board of Commissioners discuss policies and procedures related to upsized meter connections and additional Dwelling Unit's service. Staff also recommended authorizing the resumption of enforcement and assessment of charges for unpermitted/unauthorized Dwelling Unit connections.

Following discussion, by motion made, seconded, and unanimously passed, the Board of Commissioners authorized staff to enforce the existing policies and procedures related to Upsized Connections including Additional Dwelling Units.

## **7.) INTER-AGENCY REPORT(S):**

### **a.) Staff Report – DRS Contribution Rates**

Mr. Brees provided a verbal summary to the Board of Commissioners of a Staff report and Department of Retirement Systems (DRS) Table of Current and Historical Contribution Rates.

The District participates in the Washington State Department of Retirement Systems (DRS) Public Employees Retirement System (PERS) to provide pension benefits on behalf of current and former employees. Every two years, based upon an Actuarial review, contribution rates paid by both the employee and employer are adjusted in order to ensure the system is adequately funded to meet current and future obligations. Effective July 1, 2017, rates were raised to 7.38% for employees and 12.70% for employers.

The District received notification on July 30, 2018 that the contribution rates will once again be increasing, effective September 1, 2018. While the increase is modest, the new rates will be 7.41% for employees and 12.83% for employers; it continues an upward trend in these rates.

## 8.) STAFF REPORTS

### a.) District Engineer:

No further report.

### b.) Finance Manager:

Mr. Nelson reported that a meeting had been held between District staff and Arthur J. Gallagher representatives regarding changes to HRA VEBA. It was shared that new Beneficiary forms and documents are being prepared to reflect recent changes made by their Board. District staff shared some feedback as to what would be helpful to include in the forms. Additionally, Gallagher staff has been preliminary scheduled to speak at an all-staff meeting and then to individual staff to allow for a one-on-one meeting for any questions participants may have. This meeting will be scheduled to occur in late October or November 2018 to coincide with open enrollment for medical benefits.

Mr. Nelson also reported that the HRA VEBA Board had accepted another qualified candidate for the open position on the Board for Special Purpose Districts.

Mr. Nelson reported on the leak adjustment policies of other regional water agencies. He explained that approximately half of the agencies have some form of adjustment and half do not. Policies vary considerably between agencies. Mr. Nelson indicated that it would be possible to develop a policy that provides some relief to customers while still collecting wholesale water charges that the District incurs. Mr. Nelson asked if the Board of Commissioners would like to review options for a leak adjustment policy. The Board concurred in that they would like a report on options for a leak adjustment policy at a future meeting.

### c.) Attorney:

Mr. Milne reported on the lawsuit between King County and water-sewer districts located in King County regarding the assessment of rent for the use of the right-of-way. The judge had ruled in favor of the water-sewer districts. While a County may have the authority to regulate the use of a right-of-way and recover necessary expense in doing so, utilities also have statutory right to the right-of-way and the County lacks the authority to impose compensation or rent. It is unclear whether King County will appeal the decision.

### d.) General Manager:

Mr. Brees reviewed the fact sheet provided by the City of Everett detailing the regional water supply situation as of August 1, 2018. While regional consumption and consumption in the District is above average this year, the supply salutation is still good thanks to above average snow pack from last winter.

Mr. Brees also reported that the Contractor that provided a bid for the Front Office Security Improvements has been determined to be responsible. They have provided all of the required insurance documentation and executed an agreement with the District. A Pre-construction meeting is scheduled for Monday, August 13, 2018.

Finally Mr. Brees reported that a Staff BBQ is scheduled for Friday, August 31, 2018 in celebration of Labor Day and that the State Auditor is scheduled for an Entrance Conference at the next meeting of the Clearview Water Supply Agency.

**This ends the Minutes of the August 9, 2018 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 August 9, 2018 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 23, 2018, 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 23<sup>rd</sup> day of August, 2018.

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

  
\_\_\_\_\_  
**Anne Backstrom, Secretary**