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Mission Statement: Meeting the challenge of protecting the environment and providing quality sewer service to the community.

**MINUTES
 COMMISSIONER MEETING
 February 25, 2016, 9:00 AM**

Attendees: Commissioner Pam Stevens, Commissioner Frank McDaniel and Commissioner Brent Kirk. Staff: Michael Bowers, Tonya Christoffersen, Reuel Klempel, Caitlin Hubbard, Johnathan Dix and Tara Bighouse. Engineering Consultants: Leigh Nelson, Barry Baker G & O and Rodney Langer, CHS Engineers and Chris Gonzales FCS GROUP. Legal Counsel: Brad Cattle.

1. **CALL TO ORDER** - At 9:03 AM, Commissioner Stevens called the Meeting to order.
2. **PLEDGE OF ALLEGIANCE** – Commissioner Stevens led those present at the Meeting in the Flag Salute.
3. **CONSENT ITEMS** (The Commissioners have previously reviewed these in detail) Commissioner Kirk moved to approve the Consent Items A through I. Commissioner McDaniel seconded the Motion. The Motion passed unanimously.

	AMOUNT	CHECK #'s
A. Minutes: Feb 11		
B. Lien Placements (0)	NA	
Lien Releases (0)	NA	
C. Investments – (see fund balance sheet)	\$553,705.91	
Withdrawals	\$27,271.10	
Transfers	\$2,957.04	
D. Payroll	NA	
E. 40 – Maintenance	\$56,570.59	3004-3039
F. 48 – SRF Principle & Interest Payment	NA	
G. 56 – 2010A Project Bonds Proceed	NA	
H. 58 – Capital Expenditures	\$27,271.10	3040-3041
I. 60 – P WTF Principle & Interest Payment	NA	

J. Maple Rock 2 Addendum to DEA – Leigh Nelson presented 76 unit was reduced to 64 units and it is recommended for approval. Commissioner McDaniel moved to approve the Maple Rock 2 Addendum to DEA. Commissioner Kirk seconded the Motion. The Motion passed unanimously.

4. PUBLIC FORUM – None

5. OLD BUSINESS

A. Comprehensive Plan Update: CIP Forecast – Michael Bowers gave a brief overview of the condition of the lift stations older than 30 years, discussed information in the Board packet, then handed over the presentation to CHS. Rodney Langer noted the need for an assessment for the system lift stations to better understand the magnitude of future condition upgrade costs. This is a new piece of the CIP. Chapter 5 has been updated with general lift station updates and in some cases notes about the potential to eliminate some stations in the future. Table 6.7, the capital improvement plan, is a work in progress and the focus of this draft of the table is the costs to the District, exclusive of costs for donated facilities. Rodney explained the nature of the projects listed. The Bio-Solids removal, Lift Station 17 work, preliminary southwest regional Lift Station and Lift Station 2C work are some of several items included.

Rodney explained balancing cash flow against the capital work needed. Depending on the growth rate in terms of new connection fees, that will determine when the District will need to do some of the upgrades.

Chris from FCS explained the general elements of the general facilities charge (GFC) calculation including the process of recovering repair and capital costs of existing assets. Interest of up to 10 years is also included and allowed. ULID assets are removed so we are not double charging. Outstanding debt principle is also being included in the GFC calculations, so they do not fall under collecting twice via rate. A reference was made by FCS to the chart in the packet. Michael Bowers noted the desire to separate rates and GFCs and 'growth paying for growth' to show a better bottom line on charges. Commissioner Kirk asked about the latecomer fee verses a local facility charge and the ability to collect, is this more typical. Chris replied he sees the trend is typically putting them into a more holistic General Facility Charge. Rodney added all the costs are in present dollars so the GFC should be increased as costs increases over time. GFCs and changes must be based on your existing comprehensive plan by amendment to the comp plan and there needs to be a basis for the increase. In some cases an annual index-based increase can be used just to capture project cost increases over time. Michael Bowers asked the Commission for direction for CHS and FCS GROUP. He suggested finding out the GFC rate by changing the way we recover infrastructure money spent on regional-level facilities that serve multiple sewer basins. He would like to see a better balance and what the GFC rate would be versus keeping track of many individual latecomer local facility charges and basin charges. There are 3-4 areas this may impact. Michael suggested the big projects be rolled into the total GFC's and not a latecomers or LFC purely specific to a small development. It is cumbersome to track all of these individually. Chris concurred this would follow the current municipal GFC cost-basis trend.

Commissioner Kirk asked about the 30 year old lift stations and our District's expense risk. Rodney explained it isn't the age but the outdated parts and need for compatibility among all lift station equipment like the SCADA, controls, and alarms.

- B. Grant Application to Department of Commerce – Caitlin Hubbard has a draft application prepared to apply to the Department of Commerce for a grant to install the GE LEAP system for our treatment plant membrane blower equipment. This system would save money on electrical costs. The PUD did a test showing this new system would save about 30% over current costs. LEAP is also estimated to save approximately \$13,000 on valve replacements, by not having to open and close as often. The total project cost is \$266,765 and we would recover the cost in 8.2 years, if the grant gets approved the District cost would be \$133,982 and we would recover that cost in 4.12 years. Reuel added GE was in the proto type stage of LEAP when we purchased the product. Michael noted he is asking the Commission's approval to put in for the grant which is due next week. The \$133,982 is not currently in the CIP list and would need Rodney to include it in the CIP and within the 2016 District budget. What exhibits have been prepared in addition to the PUD study are an energy analysis, cost benefit analysis, energy star portfolio, and a measurement/validation approach the District will need to comply with. Commissioner Kirk asked if other plants are using this. Reuel replied it depends on when other plants purchased their equipment. Caitlin noted this is a 1 to 1 match for money. Michael added there are two scoring criteria; less than 10 year payback and our District funding participation ratio. Our chances of having the project funded approve with a higher match ratio. PUD might fund a participation incentive, as well, according to Caitlin. Commissioner McDaniel added even if PUD doesn't help and we don't get the grant the District should still go ahead with this project and we will benefit greatly. Commissioner Kirk moved to approve and authorize the general manager to sign the application. Commissioner McDaniel seconded the Motion. Motion passed unanimously.

Commissioner Kirk asked Brad Cattle if the District can pass a Resolution giving the ability to apply for grants without bringing each individually to the Board. Brad Cattle believes there is a way to work that out. Michael added for smaller grants with no participation that seems prudent.

6. NEW BUSINESS

- A. City Fee 2016 – Tonya Christoffersen noted this was brought forward from the City through the Utility Committee. The state auditor has accepted the meeting minutes and spoke to Barb at the City to verify this payment. Michael expressed he was impressed with the interim City Administrator bringing up creating a more permanent solution by end of 2016. Discussion ensued regarding the methodology of the fee and will look forward to how the City will want to do this going forward. Commissioner McDaniel moved to approve the City fee for 2016 in the amount of \$75,000. Commissioner Kirk seconded the Motion. The Motion passed unanimously.

7. MANAGERS' REPORTS

- A. General Manager – Michael Bowers reported he has been attending a meeting with the City, Fire, Mayor and Department Heads each Wednesday morning and is happy to be invited to attend to see where the City is going. The road maintenance work will be beginning in summer and the City will work with the District on coordination of the work locations. There may be sewer capacity issues in the future to look at in Downtown Lake Stevens and the Industrial area. The School's bond measure passed and there may be more sewer need in the NW of the City closer to Soper Hill Rod. Michael believes the City will also be pleased with the GFC's and how we are potentially tying in some of the latecomer fees.
- B. Manager of Administration – Tonya Christoffersen reported she was at the duplex and noticed there is more water penetration now in the southwest corner of the building. The District is in the open enrollment for medical insurance and is happy to announce it has gone down a little. Enduris has reached out and would like to be considered. Our Caring by Sharing program is over \$13,000 and is higher than it has been a while and has been primarily from Zip it and Poo-pourri sales.
- C. Treatment Plant Manager – Reuel Klempel reported everything is running well.
- D. Maintenance and Collections Supervisor – Johnathan Dix reported GFC 97 paid year to date, 37 inspections and over 100 locates. There is a lot of activity going on. Michael noted Leigh Nelson will be having time off now through August and Stacy Clear will be filling in for Leigh, as she has in the past.

8. CITY REPORT – None.

9. COMMISSIONERS' REPORT – Commissioner McDaniel reported a rate payer was concerned about the quality of water due to the Flint Michigan lead issues, and Commissioner Stevens reported she attended the new Deputy Chief/Fire Marshall meet and greet and believes they will be making the decision next week.

10. EXECUTIVE SESSION – None.

11. CONCLUSION - There being no further business, the Board Meeting was concluded at 10:10 AM.

Signed at a regular open public meeting this 10th day of March, 2016



Pam Stevens, President and Commissioner

Frank McDaniel, Secretary and Commissioner

Brent Kirk, Commissioner

