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

**MINUTES
 COMMISSIONER MEETING
 June 21, 2016 9:00 AM**

Attendees: Commissioner Pam Stevens, Frank McDaniel and Commissioner Brent Kirk. Staff: Michael Bowers, Johnathan Dix, Tonya Christoffersen, Tara Bighouse and Reuel Klempel. Engineering Consultants: Stacey Clear and Barry Baker, G & O. Legal Counsel: Brad Cattle.

1. **CALL TO ORDER** - At 8:59 AM, Commissioner Stevens called the Meeting to order.
2. **PLEDGE OF ALLEGIANCE** – Commissioner McDaniel 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: June 9		
B. Lien Placements (0)	NA	
Lien Releases (0)	NA	
C. Investments – (see fund balance sheet)	NA	
Withdrawals	\$1,292,449.70	
Transfers	\$12,951.40	
D. Payroll	NA	
E. 40 – Maintenance	\$67,661.41	3357-3389
F. 48 – SRF Principle & Interest Payment	NA	
G. 50 – City of Lake Stevens Bond Payment	NA	
H. 58 – Capital Expenditures	\$3,690.92	3390
I. 60 – P WTF Principle & Interest Payment	\$1,585,353.78	3391

J. Vernon Village Addendum - Stacey Clear explained this addendum is to make the DEA match the District's current 7% standard passed in Res 915. Commissioner Kirk moved to approve the Vernon Village Addendum. Commissioner McDaniel seconded the Motion. The Motion passed unanimously.

K. Brewe Short Plat Addendum – Stacey Clear explained this addendum is to make the DEA match the District's current 7% standard passed in Res 915. Commissioner Kirk moved to approve the Brewe Short Plat Addendum. Commissioner McDaniel seconded the Motion. The Motion passed unanimously.

4. **PUBLIC FORUM** – None

5. **OLD BUSINESS**

A. Feasibility Study Area: 20th Street – Michael Bowers showed a PowerPoint recapping previous discussion about feasibility studies from last year's Utility Committee meetings. This area has the difficulty of varied topography, specifically south of 20th Street. Michael reviewed the previous studies conducted which were focused on delivering to market a specific development idea within a smaller zone. The proposed feasibility approach this time would ideally include both the City and the District partnering on all known public infrastructure concepts and be as vast as possible in the area to see which lots are most serviceable for development. He suggested to

G&O we identify the most efficient approach to providing sewer services for this half the subarea as opposed to citing a few different lift stations and pipelines for smaller developments. Michael spoke to Mary Swenson at the City and she concurred we should do this together. Prior feasibility studies from 2012 or earlier have been overcome by events in that the SW Interceptor is now installed in 20th Street instead of closer to 24th Street as originally intended and the City has adopted the Subarea Plan for this corridor. Moreover, some land owners and prospective businesses are back at the table discussing development concepts and it would be ideal to get ahead of probable proposals.

Michael suggested there may be opportunity to collaborate with the City on designing or financing public infrastructure, but we need to see what projects would best serve the subarea while aligning with City planning before that discussion can happen. The General Manager's proposal is to have G&O complete this feasibility study. Barry Baker added he is hoping to utilize the previous study to get more accurate information for connection south of 20th Street. Commissioner Kirk questioned why we have to continue to do feasibility studies for this area. Johnathan answered the previous studies were parcel specific and this would be over the entire area giving a better scope of the need for developing the whole area. Commissioner Kirk asked if the Comp Plan covered this issue. Michael answered it went over existing Lift Stations not necessarily specifically located the best place for new Lift Stations. Barry added the Comp Plan would generally say you need a Lift Station in a general area but wouldn't specify the specific location, size or capacity needed. Michael added he is trying to be proactive and present a larger area to prevent doing more studies over again for the best interest of the District and we may find for instance that the District could eliminate lift station #11 via a prudent layout and more gravity line installations to the south and west. Commissioner Kirk voiced he would prefer to have the City on board with sticking to a plan and trying not to deviate from that plan. Johnathan added this would be a good way to show land is not feasible for commercial or building on at all, so no more time is spent on it. Commissioner Kirk agreed finding out which land is usable and what is not would be helpful. Michael is proposing a staff kick off meeting with the City, G&O and District then bring it before the Utility Committee Meeting to get everyone on the same page. Also including anything already in the works that may not be known by all parties. Commissioner Kirk moved to approve Feasibility Study Area: 20th Street for \$17,850.00 and authorize the District Manager to sign. Commissioner McDaniel seconded the Motion. The Motion passed unanimously.

- B. Feasibility Study Area: Industrial Zone Hartford – Michael Bowers showed a map of the industrial area. There is a portion of land a developer is working on developing and would like to include them with the assessment by G&O. Michael is proposing a gap analysis to find out what part of the UGA will not be serviced by short term infrastructure and magnitude of cost to serve. Michael explained the reason for this assessment would be to have it on file with the City to show the way this area would be able to be serviced and this would give the City the information needed for their conversations with prospective industrial or manufacturing businesses want to move to Lake Stevens.

6. NEW BUSINESS

- A. NPDES Permit Application – Michael Bowers reported this is to let the Commission know there will be an I/I assessment done by G&O, a diving report inspecting the “diffusers” in Ebey Sough. Michael added Caitlin has forwarded the NPDES permit to the State Department of Ecology.

- B. Refinancing \$20M of Loans with Department of Commerce – Michael Bowers is proposing the District refinancing these loans. Our debt is the highest from 2011 to 2027 at roughly \$9.3M per year. He showed a slide that would save \$1M a year over 6 years with a short-term interest only alternative. Another option is refinancing the entire loan for another 20 years, and the savings would be \$500,000 per year. Michael showed our rates would be stabilized in 2020 at \$89 compared to the projected \$90 in 2020 with our current situation. By 2025 the District could prevent raising rates as predicted by as much as \$5.00. We would also reach positive cash flow territory in 2022 instead of the current rate of 2026. He talked to the PWTF staff and they stated he and a Commissioner would need to be present at the August 11th, 2016 Board Meeting with all this information, noting changing the duration of the loan. He would like direction from the Commission on pursuing this proposal. Commissioner McDaniel prefers option B. Commissioner Kirk would like to see the rate stay at the .5% and just extend the length of the loan. The Commission agrees with Michael and asked the General Manager to finalize the proposal packet to bring back to the next Board of Commissioner meeting. Michael mentioned he would need to send a draft packet to the PW Board on July 11th and make all modifications to the packet with State staff by July 22nd in preparation for the August Public Works Board in Olympia.

7. MANAGERS' REPORTS

- A. General Manager – Michael Bowers has nothing more to report.
- B. Manager of Administration – Tonya Christoffersen reported the duplex purchaser has contacted the City and they will be accelerating the rezoning of the property. The sale of the duplex should close by the end of August. This coming Friday both Tonya and Caitlin will be being meeting with Snohomish County Parks' representative and the State Department of Fish & Wildlife. She is working on going back out to bid on District insurance. A health insurance broker reached out to us, both Tonya and Michael will be meeting with them. She reported by doing all payment through Xpress Bill Pay has saved a significant amount of money and EFT time. Michael added the City has a scheduling conflict with the Utility Meeting in June, canceling the Utility Meeting for this month due to a prospective Police Chief reception.
- C. Treatment Plant Manager – Reuel Klempel has nothing to add.
- D. Maintenance and Collections Supervisor – Johnathan Dix reported year to date 208.57 GFC's and 32 inspections month to day. The CCTV truck now has the District logo on it. The Vactor Truck has a new delivery date of possibly late October.

8. CITY REPORT – None.

9. COMMISSIONERS' REPORT – None

10. EXECUTIVE SESSION – The Commissioners will now recess into Executive Session at 10:10 AM to allow a 5 minute recess and will last 40 minutes. The purpose of the Executive Session is to discuss with legal counsel data generated for probable labor negotiations to determine whether that data is complete and/or whether additional data is necessary to be prepared for the probable negotiations, to get legal advice on a pending regulatory matter and to review the performance of a public employee. At the conclusion of the Executive Session, there will not be action taken by the Board of Commissioners and there will not be any announcements made. The Commission Meeting will be adjourned at the conclusion of the Executive Session.

At 10:50 AM the Executive Session was formally extended for an additional fifteen minutes. At 11:05 AM the Executive Session was formally extended for an additional five minutes, concluding at 11:10 AM.

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

Signed at a regular open public meeting this 14th day of July, 2016



Pam Stevens, President and Commissioner

Frank McDaniel, Secretary and Commissioner

Brent Kirk, Commissioner

MEETING DATE: June 21, 2016

TYPE: Reg Special Mtg

VISITOR SIGN-IN

If you would like to address the Board of Commissioners, it will be necessary for you to sign in. Thank you.

Print Name	Signature	Address	Phone	Purpose
Gene Mott	<i>G Mott</i>	Port Townsend		presentation