



1106 Vernon Road, Suite A  
 Lake Stevens, WA 98258  
 (425) 334-8588 Fax (425) 335-5947  
 Website: www.lkstevenssewer.org

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

**MINUTES  
 COMMISSIONER MEETING  
 July 14, 2016 9:00 AM**

**Attendees:** Commissioner Pam Stevens, Frank McDaniel and Commissioner Brent Kirk. Staff: Michael Bowers, Johnathan Dix, Tonya Christoffersen, Tara Bighouse, Mickie Cooper, Casey Mullins, Caitlin Hubbard 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.

	<b>AMOUNT</b>	<b>CHECK #'s</b>
A. Minutes: June 21		
B. Lien Placements (100)	NA	
Lien Releases (92)	NA	
C. Investments – (see fund balance sheet)	\$2,690,825.19	
Withdrawals	\$10,283.68	
Transfers	\$14,347.68	
D. Payroll	\$162,819.33	
E. 40 – Maintenance	\$174,337.31	3392-3449 & EFT 87
F. 48 – SRF Principle & Interest Payment	NA	
G. 50 – City of Lake Stevens Bond Payment	NA	
H. 58 – Capital Expenditures	\$9,143.68	3450-3452
I. 60 – PWTF Principle & Interest Payment	NA	

J. Hawksbeard DEA – not here.

K. Austin Short Plat DEA – Stacey Clear explained showed the location on the map. It includes 4 new ERU's with one existing connection. It is recommended for approval by G&O. Commissioner Kirk moved to approve the Austin Short Plat DEA. Commissioner McDaniel seconded the Motion. The Motion passed unanimously.

4. **PUBLIC FORUM** – None

5. **OLD BUSINESS**

- A. Sewer District Excise Tax Analysis – Michael Bowers handed this over to Mickie Cooper to present. This will be completed every year going forward. Mickie reported the overall saving for 2015 is \$12,050 and the District will be going back and revising the excise tax. She is recommending for 2016 changing the amount to .016 and looking at it at the end of the year to see where we might be tracking. Michael added we will have 2015 tax returns to amend and will be a savings of just under \$18,000. Mickie will be updating the excise analysis in January and each year moving forward.
- B. Loan Modification Proposal for PW Board – Michael Bowers presented the proposal for refinancing \$20 million in PWTF loans. The date of the meeting with the Public Works Board is

August 12<sup>th</sup>. The reasoning for the refinancing is to save money due to the initial growth expectation that didn't happen. Michael explained the District debt profile from 2008 through 2030 to show the debt is greater than the money coming in until near 2026. By 2020, we will be \$1.8 Million less in annual rate revenue than what was expected when the new Treatment Plant was opened in 2013. The total gap is \$8.82 Mil in revenue and \$19.1 Mil in connection fees by 2020: almost \$30 million in total income within a seven year period. Michael noted many actions taken by the District to help balance the budget since 2012.

Michael explained two options to the Board. (1) - Restructure the debt for a new 20 year cycle; it would save \$500,000 per year. (2) – Interest only for 6 years; this option would make our new payments high when they are due from 2023 until 2027, but lower our debt by about \$1 million annually for the next six years. Either benefit would allow the District to slow down the rate increases leveling out at around \$95 per month. He added his preference is option 1; it is the most stable option and would save the District predictably \$500,000 a year. He isn't sure if the PW Board will propose a different option or possibly modify our options. The PW Board asked us to bring two options to the table. This would help our Standard and Poor rating if we were able to get this approved by the PW Board and show a positive cash flow before possibly refinancing our Build America Bonds (BAB) federal loan. Commissioner Kirk moved to approve a Loan Modification request and the General Manager is authorized to make final adjustments to our proposal to the PW Board based on feedback he expects from the Department of Commerce staff. Commissioner McDaniel seconded the Motion. The Motion passed unanimously.

- C. Feasibility Study for 20<sup>th</sup> Street SE – Michael Bowers met with the City staff along with Barry from G&O regarding this feasibility study. The City provided positive feedback about this study knowing they want to develop this area. Sewer will drive this area to develop. The Fire District, School and Cavelero Park are just a few that would need sewer and help the area as a whole to develop. Barry Baker added the District would be looking at a more broad area for a regional Lift Station similar to the Lift Station #17 concept on the eastern half of the 20<sup>th</sup> Street SE corridor. Michael was happy to hear the City and District would be on the same page with this study before the study was conducted, while we can consult during the feasibility study on common assumptions and common locations for where public infrastructure, whether sewer, streets or storm-water facilities on one map. The Mayor has expressed he may be willing to work together on cost sharing to benefit everyone once the infrastructure cost and capacity numbers are created. Commissioner Kirk added he would like to see once this study is done, we are not spending money and time doing it again in the same area.

## 6. NEW BUSINESS

- A. Resolution No. 916: GFC Policy for Accessory Dwelling Units – Michael Bowers noted the District doesn't have a policy on accessory dwelling unit on an existing property. This resolution is proposing a GFC charge for these units connecting and a monthly charge for this unit. If the number of plumbing fixtures are under the accessory dwelling unit square footage the District Manager would calculate the connection fees. Tonya Christoffersen added we have found at least 6 have ADUs have been built or connected without approval that we have had to review charged back fees and connection fees. Johnathan added the City is also working on a policy for these units and this resolution may be modified in the future to fit with the City's policy. Commissioner Kirk moved to approve Resolution No. 916: GFC Policy for Accessory Dwelling Units. Commissioner McDaniel seconded the Motion. The Motion passed unanimously.

- B. GFC Methodology for Commercial Developments – Michael Bowers is looking at the Commercial GFC rates since the last update to the resolutions were in 1996 and 2000. The policy currently has the District Manager making the decision on how many ERUs and GFCs to charge for many types of developments not listed within our current resolution. The District doesn't have a standard policy on big box stores for instance or mixed-use developments and Michael would like to look at what other Districts and Cities are using as standard industry practice. He would like a standard for GFC rate and how we calculate ERU's for many types of commercial developments. There will also need to be pre-treatment for industrial users and fat-oil-grease producers. Johnathan added there are a few industrial developments in the works. Michael added there have been a couple of spills due to heavy flows and grease recently which is a more common problem during the dry months. Commissioner Kirk noted the three areas he heard about. Commissioner Kirk confirmed the need to update GFC's, Base rates and ERU's, and FOG issues concurrently. He also stated the District will need a system in place to get weekly or monthly reports on compliance with grease trap maintenance. Michael added he has thought about us providing the service and possibly partnering with a company that can do the inspecting and cleaning as well as recycling the FOG.

## 7. MANAGERS' REPORTS

- A. General Manager – Michael Bowers recommended one of Commissioners being present at the July 22<sup>nd</sup> Meeting being held with the developer and City staff regarding an annexation request. This is a preliminary meeting. The City has a kickoff meeting for the downtown subarea plan.
- B. Manager of Administration – Tonya Christoffersen updated the commission on the liability insurance application, completing this by the end of August. The duplex closing should be by the end of August. She will be meeting with Brad Cattle about how we could prepare for a sale of our old treatment plant property to the County if the County desires it for recreational purposes.
- C. Treatment Plant Manager – Reuel Klempel introduced Casey Mullins as the new Treatment Plant Operator. Casey is a licensed class 4 operator in Hawaii, Oregon and Washington. He has experience in commissioning treatment plants as well. Reuel reported a truck crashed into the gravity thickener building last week. He is waiting for the repairs proposal it should be here in the next week. The thickener is currently being bypassed; it is being monitored since due to low flows bypassing the gravity thickener has been beneficial.

Caitlin Hubbard reported on the Sky to Sound meeting, it went very well with positive feedback on what the old treatment plant site could be used for. Most people would like to have a legal access to Ebey Slough with parking and a bathroom. Tonya added Snohomish County was excited and expressed interest. Caitlin reported on the diffuser inspection. A diver reported there were a number of bolts loose and needed to be fixed.

- D. Maintenance and Collections Supervisor – Johnathan Dix reported year to date 230.57 GFC's year to date. He is expecting this to slow down. The District had 46 inspections last month and 10 this month. Johnathan is negotiating with CCTV manufacturer on repairs to the crawlers in both transporters due to a wiring/connection problem that appears to be a defect fixed in later models. On June 29<sup>th</sup> there was a backup of about 3000 gallons; there is a significant sag in the pipe and grease buildup that contributed to the spill. This pipe section has been added to look at more often. The second spill was downtown near Buzz Inn. DOE and the City have been notified on both incidences.

- 8. **CITY REPORT** – None.
- 9. **COMMISSIONERS' REPORT** – Commissioner Kirk went to the AWC conference in Everett. There was a lot of good information and is interested in seeing what will happen with development on the east side of the lake. Commissioner McDaniel reported he went to the WASWD Section 3 meeting; it was a good meeting about small Water Districts. Commissioner Stevens proposed to possibly move the next to 8:30 am.
- 10. **EXECUTIVE SESSION** – None.
- 11. **CONCLUSION** - There being no further business, the Board Meeting was concluded at 11:10 AM.

Signed at a regular open public meeting this 28<sup>th</sup> day of July, 2016



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Pam Stevens, President and Commissioner

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Frank McDaniel, Secretary and Commissioner

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Brent Kirk, Commissioner

MEETING DATE:



July 14, 2016

TYPE:

Reg 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
Tom Mathadi		9034 790	425-334-7713	
Dan Carlson		6575 20th St SE #202 Lake Stevens	425-760-0842	Agenda