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

**MINUTES
 COMMISSIONER MEETING
 September 8, 2016 9:00 AM**

Attendees: Commissioners Pam Stevens and Frank McDaniel. Staff: Michael Bowers, Johnathan Dix, Tara Bighouse and Mickie Cooper. Engineering Consultants: Leigh Nelson 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 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: Aug 25		
B. Lien Placements (89)	NA	
Lien Releases (76)	NA	
C. Investments – (see fund balance sheet)	\$497,983.73	
Withdrawals	\$2,040,318.30	
Transfers	\$94,426.79	
D. Payroll	\$164,012.63	
E. 40 – Maintenance	\$62,897.00	3575-3608 & EFT 89
F. 48 – SRF Principle & Interest Payment	NA	
G. 50 – City of Lake Stevens Bond Payment	NA	
H. 58 – Capital Expenditures	\$1,708,532.04	3609
I. 60 – P WTF Principle & Interest Payment	NA	

4. **PUBLIC FORUM** – None

5. **OLD BUSINESS**

A. Old Plant Bio-Solids Clean up and Lagoon Decommissioning – Michael Bowers showed the final report from G&O discussing the final payment due to Merrill Brothers in the amount of \$1,708,532.04. There will be a couple final reports that must be sent to the Department of Ecology which Tonya and Caitlin will be sending in. Michael Bowers stated he is happy with the work they completed, Barry Baker agreed.

Commissioner Kirk moved to approve the General Manager signing the final invoice for the Bio-solids removal, releasing retainage and processing necessary after action correspondence with the State Department of Ecology. Commissioner McDaniel seconded the Motion. The motion passed unanimously.

B. Resolution No. 918: Amending Resolution No. 917 for Treatment Plant Gravity Thickener Repairs – Michael Bowers and Brad Cattle worked on this Resolution to be sure it was done correctly. Michael added Hawk Mechanical has declined to do the repairs on the Gravity

Thickener. This Resolution amends Resolution 917 to allow the use of alternative vendors than those specifically approved at the last Board meeting. Michael gave a summary of the full cost of repair and still within the initial cost estimated and communicated to the Board. Michael is suggesting using Everett Engineering as the primary alternative to Westech and Hawk Mechanical. There is not one vendor that can do all the work needed to repair the gravity thickener at the wastewater treatment plant, therefore itemizing the repairs per work being completed by each vendor will be necessary as outlined in the staff attachment. He is expecting more bids to come in which may lower the overall cost as well. Brad Cattle noted with Resolution 917 it was overly optimistic that the two vendors noted could expediently complete treatment plant repairs; so Resolution 918 allows the authority of the General Manager to solve the problem in addition to just the two named contractors in Res. 917. Michael added Travelers Insurance tentatively agreed to pay the full amount if we can get the work completed in 60 days instead of 120 days and lower some of the cost which decreases the risk to the District with winter approaching. This would include all the staff time etc. However, Travelers is still reviewing the spreadsheet that the District forwarded to them for review of internal costs and the District will need to supply Travelers with receipts for the actual costs incurred as repairs proceed. More information will follow when Tonya returns next week and follows-up with the actuaries at Travelers Insurance.

Commissioner Kirk moved to approve Resolution No. 918 – Amending Resolution No. 917 for Treatment Plant Gravity Thickener Repairs. Commissioner McDaniel seconded the Motion. The Motion passed unanimously.

6. NEW BUSINESS

- A. Mid-Year Budget Report 2016 – Michael Bowers gave an overview of the Budget. Revenue is higher by approximated \$450,000. Operations expenses are currently under budget by about \$150,000. That said, expenses do seem to increase through the winter months. The entire team has been great at looking at efficiencies to keep costs down in nearly every area.

Mickie Cooper added that any connection fee dollars above the \$1.3 million budgeted for, we were planning to put that money to the Rate Stabilization Fund. We currently have a higher balance in the rate stabilization fund due to the extra connections that were not expected.

Commissioner Kirk asked about the line item for on-call. Mickie noted it was added when we were thinking about changing the way on call hours were calculated. Commissioner Kirk asked about medical benefits why it was so low. Mickie replied it was initially an estimated amount thinking the District would need to absorb higher healthcare increases in 2016, and the actual increases were much lower than those estimated and budgeted.

- B. Job Descriptions and Collections Division Staffing – Michael Bowers explained that over the summer he, John Dix, and Tonya reviewed and updated all of the Collection system personnel job descriptions. Previously, there was not much of a difference between a level 1, 2 or 3 except pay and title. Michael and staff restructured the job descriptions to better identify the roles of each level as well as experience, education and certification differences. Michael added he believes a plant manager isn't currently needed with the current staff working so well, but he does believe we need to add a Senior Operator within the Collections Division staff as more workload is now accomplished in-house versus just a couple years ago. He is asking for a Collections Lead to help take some of the work load off of Johnathan. With a heavy construction and permit load and physical field inspection load, he is asking the Commissioners for approval to advertise for the job to get ready for 2017. There is one individual that will be eligible for retirement in the next 2-3 years. This position will greatly assist in implementing CCTV

inspections, improving oversight of SCADA controls at the lift stations, and adding a vector truck to the operations as well. Other items that will be looked at for 2017 will be CDL Training and the crew enrolled in drug testing. No opposition to this plan was mentioned by Commissioners.

- C. Latecomer Basin Reconciliation – Michael Bowers familiarized the Commissioner with a map of the eleven larger Latecomer basins and the 43 places where local facility charges (LFCs) are in place on the map. The rationale on all the late-comer areas is that anytime an adjacent property develops, each lot must into that area for any applicable late-comer basin fees or LFCs that overlap the developing property. Michael explained to the Commission there are currently 3 or 4 basin fees that he is suggesting looking at the GFC rate to include SW Interceptor phase 1 and 2. Barry Baker added one of the challenges is figuring out what can and should be rolled into the GFC's. He added there needs to be a rationale of the qualifications of which pipes to choose. Michael added there needs to be more work done on defining this per his conversation with Brad Cattle. Commissioner Kirk added we should look at where growth is expected and what is expiring within the legal rights and also, should the District consider "purchasing" the latecomer recovery rights and capacity. Brad Cattle added the District would set the criteria based on priorities. Michael added he believes it goes back to how well we defined for example "regional lift stations and such basins" in our policy. Commissioner McDaniel also asked can the latecomer be negotiated with the developer. Brad Cattle stated a policy can be implemented on the buy back; the policy would have to be clear. Commissioner Kirk added one way to look at it could be by expiration date in more or less a depreciation type of method.

Michael Bowers added the recovery rate is penciling out to be about a third of the overall basin's value being recovered. He would like to further discuss how we define which areas are recoverable within a GFC rate. With regards to Lift Station 17 and 14 the investors in Lift Station 17 are questioning their recovery of funds due to reverting the flow from Lift Station 14 because of their investment in Lift Station 17. Some of the DEA's have been amended several times since the 1990's and following them can be difficult particularly if an interim flow arrangement was modified beyond what was assumed in the 2007 adopted Comprehensive Plan or prior plans. Barry Baker added if you go back to the original Comp Plan Lift Station 14 would go into the SWI, as of now and in the new Comp Plan it does not need to occur. Because flows were planned to go differently back in the day as opposed to which direction they are currently going. Michael handed out RCW 57.22.020 to the Commissioners which allows the District the discretion of extending a 15-year recovery period if this period was impacted by moratoriums or delays which prevent the ability of property to develop and latecomer fees to be recovered.

Michael explained that today, the intent is to review the policy, criteria and law which must be applied for extending a 15-yr recovery period or for basin-to-basin transfers and next Board meeting he will be asking the Commissioners to apply policy to a specific developer extension request the District has received. For example, Leigh Nelson explained back in 2000 Lift Station 8 was sending flow to LS 2 and the only thing that could be found lifting a moratorium was for only 74 ERU's. Is this case, she agrees from what she could find the requesting Developer should get an extension on the Latecomers. Details to be provided at next meeting.

Michael Bowers believes there needs to be a consistency on how we handle these basins. Per his conversation with the Mayor there may be more annexation in the near future. Michael would like to bring this back at the next meeting and in October to start to get it figured out. Over time, Michael's general intent would be to minimize the number of basins, roll a general philosophy into the GFC to the maximum extent practical, and to add affordable projects to our CIP to accomplish future capacity extension.

7. MANAGERS' REPORTS

- A. General Manager – Michael Bowers reported the City of Snohomish modified their sewer rates.
- B. Manager of Administration – Tonya Christoffersen was not present.
- C. Treatment Plant – Nothing to report.
- D. Maintenance and Collections Supervisor – Johnathan Dix reported year to date 250.57 GFC's year to date. The District had 9 inspections this month. Matt Bennett and Kenny are at training on the Vactor Truck in Portland. He is hoping to have an inter-local agreement with the City of Coupeville to purchase one of the Districts generators.

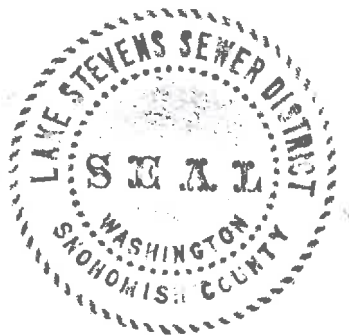
8. CITY REPORT – None

9. COMMISSIONERS' REPORT – Commissioner Stevens asked about changing the next Commissioner meeting from Thursday September 22nd to Tuesday September 20th.

10. EXECUTIVE SESSION – None

11. CONCLUSION - There being no further business, the Board Meeting was concluded at 10:08 AM.

Signed at a regular open public meeting this 20th day of September, 2016





Pam Stevens, President and Commissioner



Frank McDaniel, Secretary and Commissioner



Brent Kirk, Commissioner

MEETING DATE: Sept 8, 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
Rachael McDaniel			(425) 5123	