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 Website: www.lkstevenssewer.org

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

**MINUTES
 COMMISSIONER SPECIAL MEETING
 October 25, 2016 3:00 PM**

Attendees: Commissioners Pam Stevens, Frank McDaniel and Brent Kirk. Staff: Michael Bowers, Tonya Christoffersen, Johnathan Dix, Mickie Cooper and Tara Bighouse. Engineering Consultants: Barry Baker, G & O. Legal Counsel: Brad Cattle and Jordan Wallace.

1. **CALL TO ORDER** - At 3:00 PM, 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: Oct 13		
B. Lien Placements (0)	NA	
Lien Releases (0)	NA	
C. Investments – (see fund balance sheet)	\$1,706,905.89	
Withdrawals	\$1,805,933.55	
Transfers	\$9,196.68	
D. Payroll	NA	
E. 40 – Maintenance	\$128,802.80	3711-3743
F. 48 – SRF Principle & Interest Payment	N/A	
G. 50 – City of Lake Stevens Bond Payment	N/A	
H. 58 – Capital Expenditures	\$5,944.04	3744
I. 60 – P WTF Principle & Interest Payment	N/A	

J. Lake Stevens Elementary School Sewer Construction Plan Approval – Barry Baker presented the plans and it is recommended for approval by G&O. Commissioner Kirk moved to approve the Lake Stevens Elementary School Sewer Construction Plan. Commissioner McDaniel seconded the Motion. The Motion passed unanimously.

K. Seneca Lane Sewer Construction Plan Approval – Barry Baker presented the plans and showed the location on the map; south east side of Hwy 204. The plans are recommended for approval by G&O. Commissioner Kirk moved to approve the Seneca Lane Sewer Construction Plan Approval. Commissioner McDaniel seconded the Motion. The Motion passed unanimously.

4. PUBLIC FORUM – None

5. OLD BUSINESS

A. Contract Modification to Bio-solids Hauling – Michael Bowers the CPI has been averaging a bit under 2% per year since the 2013 when this contact was approved. Staff is recommending an increase of \$3.00 per wet ton to Tenelco for hauling the bio-solids from the wastewater treatment plant. Barry Baker explained the difference in vector attraction.

Commissioner Kirk moved to approve the contract modification to Bio-solids hauling. Commissioner McDaniel seconded the Motion. The Motion passed unanimously.

6. NEW BUSINESS

- A. District Proposed Budget for 2017 – Michael Bowers presented the first review of the 2017 Budget Proposal. He is hoping we will be able to adopt the budget at the next board meeting on November 10th. Michael gave an overview of each schedule in the budget.

Michael Bowers gave an itemized list of assumptions for the 2017 Budget. Included is a conservative 130 ERU's of growth, no step increases for employees, 10% increase in medical, dental and vision, and an increase to the monthly sewer rate of \$3.00. In schedule 5 the capital projects include old treatment plant lagoon partial clean up, replacing a couple pieces of equipment, carry over projects from 2016, minor piping repairs and lift station equipment, lift station SCADA upgrades and LEAP system at the plant. The SCADA replacements will reduce costs in other areas as well. Debt service remains high; the District is still pursuing repayment alternatives with state PW Board.

Operations and maintenance will include COLA of 1.8%, one new hire; a senior operator for collections (lead), collections will see a \$350,000 increase vs. 2016. The treatment plant and admin has essentially no change in the budget. Bargaining negotiations are scheduled to start on November 2nd. Mickie Cooper added there is no change in staff overall numbers except Tonya Christoffersen's salary has been split between the 3 areas; admin, collections and treatment plant. Commissioner Kirk asked if a decant pipe has been added to the treatment plant with the overall design. Barry replied it had not been incorporated. Michael added he wouldn't feel comfortable adding that much of a cost to the budget for the construction of a decant facility until we know we are more financially secure with loan modifications and growth with more revenue money coming in. Michael desires to only proceed with design concept in 2017, not construction. Commissioner Kirk agreed.

Michael reminded the Board about the letter that went to the rate payers in Dec 2015. If the Commissioners agree to a rate increase in 2017, a \$3.00 per month rate increase would be on track with the customer letter last year. Return on investment focus in 2017 includes continuing to sell excess assets like duplex, start decommissioning work in-house at the old treatment plant, the LEAP system, and SCADA upgrades at lift stations.

The rate stabilization fund projections are currently above the initial forecast in 2014 through 2019. Michael explained the difference in reserve with and without a \$2.8 mil regional lift station. Commissioner McDaniel asked how much the rate stabilization fund pay for rates. Michael responded that the District's overall cost of doing business including debt payments in \$91.00 per Equivalent Residential Unit (ERU) per month while our total revenue including interest and permit fees is \$85.00. Therefore, there is a \$6.00 per home gap currently between actual costs and revenue.

The debt service ratio chart has the District forecasted sewer rate coming down from \$97.00 rates to \$95.00 in 2023. If the District can get more connections than the budgeted 130 ERU's per year the District would be able to reduce rate increases past 2020.

7. MANAGERS' REPORTS

- A. General Manager – Michael Bowers will be updating the Commission regarding the meeting date with the PWTF Board. They assured him a response by tomorrow.

- B. Manager of Administration – Tonya Christoffersen reported Heide with the State Auditor’s office has been onsite and hope to get a date soon about the audit entrance exam. The duplex is on target to close. The Lake Stevens Fire department is hosting a forum Wednesday and she will be attending. Tonya will confirm with the Commission holding the next meeting in November depending on the utility committee meeting.
- C. Treatment Plant Manager – nothing to report.
- D. Maintenance and Collections Supervisor – Johnathan Dix reported there have been 277 ERUs year to date and 19 inspections so far this month. All three vehicles sold through the auction. The last vehicle, camel back truck, will be in to pick it up soon. He granted an extra week to the buyer due to the size of truck that is needed to haul it. Johnathan thanked the field crew for their assistance in coordinating these sales and pick-ups.

8. CITY REPORT – None

9. COMMISSIONERS’ REPORT – Candidate Form attended by all three 10/19/16

10. EXECUTIVE SESSION – None

11. CONCLUSION - There being no further business, the Board Meeting was concluded at 3:45 PM.

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



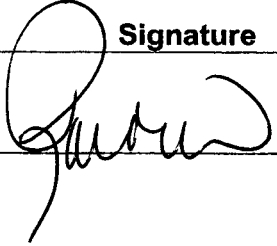
Pam Stevens, President and Commissioner

Frank McDaniel, Secretary and Commissioner

Brent Kirk, Commissioner

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
Rauchel McDaniel		P.O. Box 116, L.S.	(4) 931-5123	—