



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  
 November 10, 2016 9:00 AM**

**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 and Leigh Nelson, G & O. Legal Counsel: Brad Cattle, Jordan Wallace and Peter Altman

1. **CALL TO ORDER** - At 9:00 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. **EXECUTIVE SESSION** – The Commissioners will now recess into Executive Session and will last 20 minutes. The purpose of the Executive Session is to receive legal advice on the bargaining unit. 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 resume the meeting at the conclusion of the Executive Session.

The executive session was extended for 5 minutes.

4. **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: Oct 25		
B. Lien Placements (117)	NA	
Lien Releases (85)	NA	
C. Investments – (see fund balance sheet)	\$1,362,343.60	
Withdrawals	\$230,893.77	
Transfers	\$1,357.68	
D. Payroll	\$165,006.79	
E. 40 – Maintenance	\$77,071.58	3745-3790 & EFT 91
F. 48 – SRF Principle & Interest Payment	NA	
G. 50 – City of Lake Stevens Bond Payment	NA	
H. 58 – Capital Expenditures	\$2,693.56	3791-3792
I. 60 – PWTF Principle & Interest Payment	NA	

- J. Vine Maple Plat DEA – not present
- K. C47-1 Tyler DEA – Leigh Nelson showed the location on the map. This project is recommended for approval by G&O. Commissioner Kirk moved to approve the C47-1 Tyler DEA. Commissioner McDaniel seconded the Motion. The Motion passed unanimously.
- L. Hawksbeard Addendum to DEA – not available.
- M. Mountain View Annexation Agreement – Leigh Nelson explained this agreement is only an acknowledgement by the developer Tim Kaintz that he will be paying all costs to annex into the District. Johnathan noted the plan is to put 132 homes on the land. Michael Bowers added the developers plan is to get all approvals from the county. Leigh expects to get the SEPA in January. Brad Cattle added the agreement in the packet is marked draft, the original has been

filled out completely and is not marked draft. Commissioner Kirk moved to approve the Mountain View Annexation Agreement. Commissioner McDaniel seconded the Motion. The Motion passed unanimously.

**5. PUBLIC FORUM – None**

**6. OLD BUSINESS**

- A. District 2017 Budget – Michael Bowers gave a detailed overview of the Budget. There were two adjustments from the previous budget review lowering the budget by \$20,000. He went over the assumptions, including a rate increase of \$3.00 per month, no step increases for employees this year and no new capital projects scheduled above those presented at the last meeting. The District debt service remains high until 2020. There is a standard 3% increase on materials, there is a \$330,000 increase in collections versus 2016, no change in admin and the treatment plant expenses overall from the 2016 budget. Per the Budget profile we are still on track for operating expenses growing on average 3% per year from 2014 to 2020 versus the previous trend of 5% per year. The SCADA upgrades will save money on phone lines and the answering service, it will also track performance. Johnathan added that the 8 SCADA installations made this year have already saved approximately \$5,000. We are getting a grant from PUD for the LEAP system at the Plant. Caitlin added we are perusing another grant from Sound Solutions as well as resubmitted for a grant for LEAP from Department of Commerce. Michael noted we are not forecast to have financial concerns dropping below a \$4.0 million balance in the Rate Stabilization Fund until after 2019. This projection does not include the PWTF loan modification. This projection is also based on 130 ERUS of growth per year and based on existing plats and permits being pulled the trend is closer to between 179 and 200 over the next two or three years. Commissioner Kirk moved to approve the District 2017 Budget. Commissioner McDaniel seconded the Motion. The Motion passed unanimously.

**7. NEW BUSINESS**

- A. District's 10-year Revenue and Expense Forecast – Michael Bowers showed a PowerPoint of three scenarios on the financial forecast. This forecast is based on a conservative baseline of 130 ERUs per year in sewer user growth. Scenario 1: a rate profile of \$3.00 increase per month per year three times between 2017-2025 and at only 130 ERU per year. We would only fall below the \$4.0 million cash balance threshold in 2020 through 2022. Scenario 2: with the same rate increases and 179 ERU per year we would have no problem years. Scenario 3: at 179 ERU and holding rates at \$89.00 per month from 2018-2021 we would be close to the \$4.0 M balance from 2022-2023. Michael added the City of Everett released in the Herald their rates will be increasing and these rate increases are at higher annual percentage hikes than Lake Stevens. If the District is able to get more growth over the next 5 years at 179 ERU per year average, the District will be fiscally in good shape beginning to show increases to cash reserves not decreases. Michael added there are only two major Capital capacity projects we have included in the forecast. This does not include any additional expansion areas. The District can only do two (2) additional expansion projects within our budget forecast. If we spend capital funds on a regional lift station in the SE quadrant of the UGA and expand lift station #2C in downtown Lake Stevens, for example, there are no funds available for further lift stations or force mains along the 20<sup>th</sup> Street Subarea beyond what has already been spent on the Southwest Interceptor.

Michael provided an itemized list of priorities items for the District, including: PWTF loan and Build America Bond loan modifications, succession planning for retiring employees, selling the Old Plant site, and taking on revenue partnerships with City or County. Michael would like to update the Commission twice per year on 5 year forecast updates and evaluate smaller capital

projects for potential return on investment. Smaller capital projects with potential return on investment might be Soper Hill and getting sewer up to Hwy 92. It appears over the next 5 years it will be difficult to find enough funds to help grow sewer capacity further south toward Snohomish. He is seeking direction from the Commission on the next steps for GFC's. Commissioner Kirk asked about the Pay-As-You-Pull, to which Leigh Nelson noted the Resolution states the Pay-As-You-Pull customers pay the current monthly rate. The Commission agreed to look at changing the GFC rate to \$8,750 on March 1<sup>st</sup>, \$9,000 on January 1<sup>st</sup> 2018 and decreasing the admin fee for the Pay-As-You-Pull permits.

- B. Resolution No. 921: District 2017 Sewer Rates – Michael Bowers presented the resolution to increase the sewer rates to \$86.00 per month in 2017. The District will also need to do a rate analysis on the treatment of evergreen sanitation. Brad on the date of 2017 that will be fixed. Commissioner Kirk moved to approve Resolution No. 921: District 2017 Sewer Rates. Commissioner McDaniel seconded the Motion. The Motion passed unanimously.

## **8. MANAGERS' REPORTS**

- A. General Manager – Michael Bowers will be scheduling a phone meeting with PWTF Board member since their chair is out until late November. She did mention to Michael the EPA document from 1997 is suggesting the District can raise rates based on the EPA affordability rate index. Their response on the PWTF loan was that these loans were not meant to be for utility district who can raise rate compared to tax districts who cannot raise rates as easily. Michael acknowledges there are some hurdles to overcome. He will be having a meeting with G&O regarding their draft 20<sup>th</sup> Street SE feasibility work which was intended to preclude a series of small Lift Stations going in south of 20<sup>th</sup> Street. Parcel by parcel “popcorn” development patterns will not be cost effective for the Sewer District.
- B. Manager of Administration – Tonya Christoffersen reported there is an Audit Entrance meeting next Tuesday. The District is getting two more interns for a total of 32 hours per week. She updated the Commission on the dates for the upcoming meetings.
- C. Treatment Plant Manager – Michael Bowers reported the gravity thickener is all fixed and back up and running, it ended up being about \$40,000 less expensive than anticipated. The insurance company did pay most of the overtime expense. It has been discovered that the gravity thickener won't need to be used all the time. G.E. came out and said the plant is running well. Michael added the Treatment Plant is running so well at this time that for now there is no plan to hire a Plant Manager. Caitlin Hubbard added there is a chemical metering pump down and it should be fixed next week. Michael mentioned that this pump balances our pH permit requirements.
- D. Maintenance and Collections Supervisor – Johnathan Dix reported there are 281 GFCs year to date, 14 inspections month to day. He will be traveling to Ohio on November 15<sup>th</sup> to check out the vactor truck. He attended a pre-FOG group with Caitlin Hubbard. They had a company speak on the disposal of FOG; there's a problem with the private sector disposing of the FOG and having enough locations conveniently available.

**9. CITY REPORT** – None

**10. COMMISSIONERS' REPORT** – Nothing to report.

**11. CONCLUSION** - There being no further business, the Board Meeting was concluded at 10:47 AM.

Signed at a regular open public meeting this 22<sup>nd</sup> day of November, 2016



Pam Stevens, President and Commissioner

Frank McDaniel, Secretary and Commissioner

Brent Kirk, Commissioner

