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

**MINUTES
OF SPECIAL MEETING
BOARD OF COMMISSIONERS**

**April 26, 2016
Utility Committee**

Attendees: Commissioners Pam Stevens, Frank McDaniel and Brent Kirk; Staff: Michael Bowers, Tonya Christoffersen, Reuel Klempel, Tara Bighouse and Johnathan Dix; District Engineers: Barry Baker G&O and Rodney Langer CHS

Guests from the City of Lake Stevens: Councilmembers Kim Daughtry, Rauchel McDaniel and Marcus Tageant, Mayor John Spencer, Planning Director Russ Wright and Public Works Director Mick Monken.

1. **Called to Order** at 4:01 pm by Commissioner Stevens. Commissioner Stevens moved into the meeting agenda item "Utility Committee Meeting".
2. **Utility Committee Meeting** – The Committee discussed mutual projects and planning for the Lake Stevens UGA and study areas.
3. **Conclude** – There being no further business, the Special Meeting was concluded at 5:07 pm

Signed at a regular open public meeting this 26th day of May, 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



**Utility Committee Meeting Minutes
April 26, 2016 4:00 pm**

City of Lake Stevens / Lake Stevens Sewer District
1106 Vernon Road, Suite A, Lake Stevens, Washington

1. **Called to Order:** 4:02 PM by Councilmember Marcus Tageant
2. **Roll Call:**
Attendees Representing the District: Commissioners Pam Stevens, Frank McDaniel and Brent Kirk; Staff: Michael Bowers, Tonya Christoffersen, Reuel Klempel, Johnathan Dix and Tara Bighouse. Barry Baker G&O and Rodney Langer CHS
Attendees Representing the City of Lake Stevens: Councilmembers Kim Daughtry, Raichel McDaniel and Marcus Tageant, Mayor John Spencer, Planning Director Russ Wright and Public Works Director Mick Monken.
3. **Action Items:**
 - a. **Approval of Meeting Minutes of March 22, 2016** – John Spencer moved to approve the March 22nd Minutes. Kim Daughtry seconded the motion. Motion passed.
4. **Public Forum:** No public present.
5. **Discussion Items:**
 - a. **District Comprehensive Plan Financial Analysis** – Michael Bowers started by explaining the CIP plan outline, GFC methodology and expenses. He then handed the floor over to Rodney.

Rodney Langer gave a brief explanation of the baseline 287 for annual ERU's based on the County forecast and low growth scenarios to be conservative on the potential range of growth. The CIP summary was handed out and explained most everything is complete with the exceptions to just a few items. Every two or three years there is a plan for upgrades are also included throughout the plan. There is a source of funding for each project, capital funded is internal and are developer funded.

Rodney explained because of the market and financial status of the District the original basis of ERU connections needed to be reconfigured. The new way future extensions will be included over every connection. Michael Bowers added we are looking into how the GFC rate would be affected by spreading the cost for Regional LFC's to all connections. Instead of inhibiting a certain area to build because of the higher cost to connect in a specific area, there seems to be strong advantages to add the cost of the Southwest Interceptor, a potential new Regional Lift Station and force main in the County in the SE Lake area, and perhaps other multi-basin investments. John Spencer commented he believes it's the right direction to go.

Rodney explained the GFC and financial part of the possibility of combining the asset list into the connection fees for any lot in connected to the sewer system. However the new customer wouldn't be paying for the debt service in the GFC and in their rates. Looking at the customer base and future growth the calculation results in \$9,175 for a total GFC. The future upgrades to the Treatment Plant were factored in as well from 2025 to up to 20 more years. Rodney explained they are zeroing in on a GFC nearing the amount of around \$9000. This number is also the amount forecast for the cash flow model and CIP. Brent Kirk noted getting the

latecomer areas figured out for those that may want to connect in those areas with late-comers fee. Michael Bowers explained the spreadsheet explains the baseline, mid-range and low growth rate. He explained it is starting to look like the mid-range is the best option. Michael also replied to Brent that a visual aid in response to Commissioner Kirk's question depicting the existing public and private LFCs and their costs will be put together this summer. Rodney gave a brief outline of the funds and revenue and expenses. The outcome for the restrained growth is a \$2.50 per year increase, compared to the County growth pace at a \$1.50. Michael Bowers explained when he did the last growth analysis for rates; it was based on a conservative 130 ERU per year pace which indicated \$3.00 per year over 2016, 2017, and 2018. It didn't take into account the \$500,000 under budget and more GFC's than planned which is now occurring. Also the District has cut costs on raises every other year and less benefits for employees. John Spencer asked will the District be continuing with the suggested rate increases or will they be changed. He believes it will put the District in a much better situation and is worth taking a look at this. Rodney explained it will hurt some and help some; it seems to be as even of a balance as possible. John added staying competitive with the neighboring cities is beneficial. Michael Bowers added when we look at the development community, if the District is around \$10,000 GFC then we are still competitive as other area GFCs seem to be increasing at a faster pace. John Spencer added is this GFC comparison process to peer jurisdictions something the District would like the City to do or required help do. Michael added he has this in his work plan for the current fiscal year. In addition, the District plans on looking at our GFC methodology to make Lake Stevens more competitive for commercial and larger box stores. Brent Kirk commented he believes the District can only look at the Sewer component; and Russ added the City can look at remaining impact fee numbers as well.

- b. **Fixed Fee for Developer Engineering & Constriction Inspections** – Michael Bowers reviewed that the current philosophy has been pay as you go for time and materials in terms of Engineering and Inspection effort on developer designs and plan submittals for collection systems and lift station construction. Developers have been concerned about the cost and the uncertainty not knowing the final expenses as costs are accumulated monthly. This seems to disproportionately impact smaller developments. The current fees show the percentages are significantly higher for developments of 10 or less ERU's. The potential fee structure would be 6% to 9% of construction costs, as a fixed fee approach that is presently under discussion as a District policy matter. The development community has shown positive feedback Michael showed an example of how this would pencil out for the developer. Michael noted this is where the District differs from adjacent Special Districts and some cities. Also, we presently have no charges for pre-applications or sewer availability and some costs may be administratively high due to repeated 1-year time extension and minor amendments of a DEA. The District is looking at a multiple year time extension to a DEA and writing in triggers that would reset a GFC fee if it increased and the development was still not complete.
- c. **Misc. City Project Status** – Mick Monken updated on Grade Road with a temporary diversion of Catherine creek and is hoping to have the work started in July and complete by the end of summer. Worst case scenario it would be complete next year. The City is looking on doing work on the west side of Grade by putting in an intercepting drain. Lundeen Park's information center is moving along with a formal opening of Mid July. On the overlays there will be 3 sections of road that need to have the overlay completed. The assistant regional engineer is presenting to the Council tonight regarding the intersection at Hwy 9 and 204. As soon as they know for sure when they will be working on designs, he will notify the District once they know for sure.

Russ added they will be creating an citizen advisory committee for the downtown Subarea planning. Development is growing in the City and a commercial building application at Vernon Village with 5 buildings is in the works. There has also been some talk about helping with an annexation and extension of the Evergreen line. John Spencer added he was glad to see the upgrades to Lift Station 2 and 2C on the CIP. This upgrade will be necessary to make growth happen related to the vision for Downtown.

Michael added this Thursdays morning the District will be having a public hearing on the Comprehensive Plan prior to releasing the entire final draft documents for the City and other public agencies for their 60-day review.

6. Meeting Summary/Next Agenda

a. Draft Fats-Oils-Greases (FOG) Pre-treatment Plant (April/May 2016)

- 7. Schedule the Next Meeting** – May 24th at 4:00pm and adjourned the meeting.
- 8. Adjourn** – Marcus Tageant adjourned the meeting at 5:07pm.

2016 Utility Committee Chair:



Marcus Tageant, Councilmember
City of Lake Stevens