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

**SPECIAL MINUTES
 COMMISSIONER MEETING
 January 24, 2017 3:00 PM**

Attendees: Commissioners Pam Stevens, Frank McDaniel and Brent Kirk. Staff: Michael Bowers, Tonya Christoffersen, Johnathan Dix and Tara Bighouse. District Engineer: Barry Baker and Leigh Nelson, G&O. Legal Counsel: Brad Cattle. City Administrator Gene Brazel.

1. **CALL TO ORDER** - At 3:00 PM, Commissioner Kirk called the Meeting to order.
2. **PLEDGE OF ALLEGIANCE** – Commissioner Kirk led those present at the Meeting in the Flag Salute.
3. **CONSENT ITEMS** (The Commissioners have previously reviewed these in detail). Commissioner Stevens moved to approve the Consent Items A through I. Commissioner McDaniel seconded the Motion. The Motion passed unanimously.

	AMOUNT	CHECK #'s
A. Minutes: Jan 10, 12		
B. Lien Placements (0)	NA	
Lien Releases (0)	NA	
C. Investments – (see fund balance sheet)	\$177,275.94	
Withdrawals	\$202,871.17	
Transfers	\$221,202.80	
D. Payroll	NA	
E. 40 – Maintenance	\$152,271.44	3960-3999
F. 48 – SRF Principle & Interest Payment	NA	
G. 50 – City of Lake Stevens Bond Payment	NA	
H. 58 – Capital Expenditures	\$212,953.67	4000-4001
I. 60 – PWTF Principle & Interest Payment	NA	

- J. Cavalero Mixed Use Developer Extension Agreement – Leigh Nelson showed the location on the map and noted it is for 16 apartments and some retail below. It is recommended for approval. Commissioner Stevens moved to approve Cavalero Mixed Use Developer Extension Agreement. Commissioner McDaniel seconded the Motion. The Motion passed unanimously.
- K. The Refuge DEA – Not present
- L. Fairview Terrace DEA – Not present
- M. Stevens Ridge Estates DEA Construction Plan Approval – Leigh Nelson showed the location on the map and noted it was a DEA a while ago. This is recommended for approval. Commissioner Stevens moved to approve Stevens Ridge Estates DEA Construction Plan Approval. Commissioner McDaniel seconded the Motion. The Motion passed unanimously

4. PUBLIC FORUM – None

5. OLD BUSINESS

- A. Capital Planning Forecast 7 Years – Michael Bowers noted there is some prioritizing the District may need to prepare for the direction of growth in the city. He pointed out the areas the District currently has capital funds planned in the future. In terms of prioritizing the District has not budgeted for some growth areas that may have needs in the near future; such as the Hwy 9 and Hwy 204 intersection and 20th Street SE besides the SW Interceptor work already installed. Additionally, the District has 2016 projects in progress to upgrade lift station #17 and the force main to connect to the SW Interceptor on the east side of 20th Street SE where residential growth is now happening. This issue may impact the District on where to budget capital money as the

City seeks growth in about 5 different directions at the moment. By Michael's estimates without defining some unknowns, it looks like the District can afford to partner with the City and Developers in two current directions. Our budget reflects Downtown and the SE Unincorporated areas at the moment. Michael noted his biggest concern is the interchange at Hwy9/204. He added the old treatment plant still needs to be decommissioned and will need to be completed by 2020 per Department of Ecology. As the District does the feasibility study on the Old Plant, it will determine how much money will be needed and how much we may potentially save. Tentatively, our forecast has allocated \$1.6 million to decommission the Old Plant.

Commissioner Kirk asked for a reminder on the new/upgrade to Lift Station 2C needed downtown. Leigh explained the need for the upgrade to Lift Station 2C is to take flow from Lift Station 1C. Between lift station #2C and the force main work to connect between downtown Lake Stevens and an existing collections like at lift station #1C, the cost is about \$3.5 million for the two projects. We have allocated about 50% of this in anticipation of a private developer contributing the difference.

Michael presented the growth assumption at a rate of 130 ERU's per year as well as 179 ERU per year to see what happens to our balances with no rate increase. He was satisfied the profile showed the District is not below the threshold our bonds require and the books look good for the Rate Stabilization Fund and the Capital Fund. This profile also includes the collective bargaining unit costs and step increases, etc. The unknowns included the Interchange impacts and added growth areas that we have not assumed in the capital plan. Commissioner Kirk added he would like to see the numbers at an \$89 rate to better ensure we are solvent.

Michael presented the Commission with a proposal for a way to save more by doing more in-house work. He noted the budget line item of \$300,000 yearly for pipe repairs. Based on the skill set that was interviewed there is potential to do a temporary over-hire to save money. With the potential retiring field employee there is a possible option to change that position to a seasonal position if the Commissioners have no objection to an over-hire. Another way to save money in the future is performing generator maintenance in-house. Johnathan Dix explained how pipe repair would be completed in house. The Commission agreed unanimously with no objections. Michael and John believe the District will not need to amend the budget because the labor increase will be offset by both capital savings and contracted work savings which worked out in 2016 via the last cost-benefit analysis proposed and adopted.

6. NEW BUSINESS – None

7. MANAGERS' REPORTS

- A. General Manager – Michael Bowers noted he believes we have a good opportunity this spring to look at how the District can better partner with the City. Focus areas included Downtown planning and the 20th Street SE feasibility study as well as potential Annexation zones.
- B. Manager of Administration – Tonya Christoffersen reported February 9th she will be bringing in a proposal to invest money to get a better return on investment.
- C. Treatment Plant – Michael Bowers reported the plant is running well and that we have a meeting with the County on Thursday February 9th to talk about the Old Plant site.
- D. Maintenance and Collections Supervisor – Johnathan Dix reported there were 17 GFC's paid so far this year.

8. CITY REPORT – Gene Brezal gave a brief back ground about himself and is happy to be here and excited to be working with District.

- 9. **COMMISSIONERS' REPORT** – Commissioner Kirk noted he will be attending the WASWD Commissioners Workshop.
- 10. **EXECUTIVE SESSION** – None.
- 11. **CONCLUSION** - There being no further business, the Board Meeting was concluded at 3:47 PM.

Signed at a regular open public meeting this 9th day of February, 2017



Pam Stevens, Secretary and Commissioner

Frank McDaniel, Commissioner

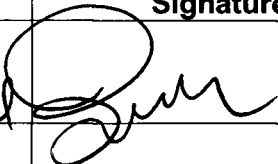
Brent Kirk, President and Commissioner

MEETING DATE: Jan 24, 2017

TYPE: Reg Sp. 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
Ranched McDaniels			(4)231-5723	