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

**MINUTES
 COMMISSIONER MEETING
 May 11, 2017 9:00 AM**

Attendees: Commissioners Pam Stevens, Frank McDaniel and Brent Kirk. Staff: Michael Bowers, Tonya Christoffersen, Johnathan Dix, Kim Jones, Mickie Cooper, Casey Mullins and Tara Bighouse. District Engineers: Barry Baker and Leigh Nelson Legal Counsel: Brad Cattle. City Liaison: Councilmember Rauchel McDaniel

1. **CALL TO ORDER** - At 8:58 AM, 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: April 10, 25 & 27		
B. Lien Placements (85)	NA	
Lien Releases (67)	NA	
C. Investments – (see fund balance sheet)	\$100,000.00	
Withdrawals	\$17,013.91	
Transfers	NA	
D. Payroll	\$175,740.41	
E. 40 – Maintenance	\$164,859.64	4267-4319 & EFT 98
F. 48 – SRF Principle & Interest Payment	NA	
G. 50 – City of Lake Stevens Bond Payment	NA	
H. 58 – Capital Expenditures	\$17,013.91	4320-4321
I. 60 – P WTF Principle & Interest Payment	NA	

- J. Lakeview Springs East DEA Addendum – Leigh Nelson explained it is a one year time extension. Last year their plans were approved last year for both east and west. This item is recommended for approval. Commissioner Stevens moved to approve Lakeview Springs East DEA Addendum and Lakeview Springs West DEA Addendum. Commissioner McDaniel seconded the Motion. The Motion passed unanimously.
- K. Lakeview Springs West DEA Addendum – Approval included with item J.
- L. Eagle Glen North DEA – Leigh explained this project is the land between two developments and includes 53 units. Michael Bowers explained this is not included with Eagle Glen, as to not get these two projects confused. Commissioner Stevens moved to approve Eagle Glen North DEA. Commissioner McDaniel seconded the Motion. The Motion passed unanimously.
- M. Eagle Glen North Construction Plans – Leigh Nelson explained the plans are straight forward and recommended the construction plans for approval. Commissioner Stevens moved to approve Eagle Glen North Construction Plans. Commissioner McDaniel seconded the Motion. The Motion passed unanimously
- O. Hewitt Retirement DEA 2nd Addendum – Leigh explained this is a one year time extension. Commissioner Stevens moved to approve Hewitt Retirement DEA 2nd Addendum. Commissioner McDaniel seconded the Motion. The Motion passed unanimously

- P. Eagle Glen DEA 2nd Addendum – Michael explained this is a Lennar Homes project. A letter and a draft extension agreement were sent to Lennar with Legal Counsel input. Michael added both the City and District have items they need to look into regarding deficiency correction. City has not had the chance to walk the property recently. This addendum is not available so it will be brought back at the next Board Meeting.

4. PUBLIC FORUM – None

5. OLD BUSINESS

- A. Public Hearing: Mountain View Project Annexation Request – Leigh Nelson pointed out the location on the map and explained the DNS and SEPA review has been sent out, as well as the 3 signs around the project area that are posted as well. She noted the two adjacent properties are also included in the annexation. Michael Bowers had conversations with prior proponents of developing this property: Pacific Ridge Homes and D.R. Horton. These companies ultimately passed on developing this land. Commissioner McDaniel asked if the other land owners had been mailed notification. Leigh explained the District followed the law and that is not part of the requirements. Michael added there is no timing set to develop. This is the next step to before going to the County Boundary Review Board.

Commissioner Kirk opened the public hearing on Mountain View Project Annexation Proposal. No public input was made. Commissioner Kirk closed the public hearing. He asked for any further questions from the Commission; no further comments were made. Leigh Nelson explained the moratorium areas surrounding this proposed annexed property, if this project is approved the District has talked with developers about a new regional lift station that this project would need to create at the south side of the lake. This facility would also help alleviate the moratorium adjacent areas. Commissioner Kirk closed the discussion portion.

Commissioner Stevens moved to approve Resolution 928. Commissioner McDaniel seconded the Motion. The Motion passed unanimously.

6. NEW BUSINESS

- A. Award of Lift Station 17 Force Main Extension Project – Leigh Nelson explained the history of the force main and lift station 17. Commissioner Kirk asked about Hawksbeard's contributing money toward this project. Michael Bowers explained how the District's policy for building infrastructure. He noted his recommendation of building a shared investment with developers. The Hawksbeard project is the first project where this new methodology would apply. He explained the three principles; 50/50 split, a fixed price in the project and at least 100 ERU of construction in less than 10 years to receive payback on a public investment. On this project, the payback went from 10 years to 3 years to the District due Hawksbeard paying approximately 50% of the public investments and adjacent development needing these collection system upgrades. He is alleviating the perception of favoritism by explaining various situations where and when we applied the same principal to other developers: namely the Downtown lift station project draft DEA in which an apartment building was proposed a couple years ago by lift station C-2.. Michael added this was one of the items he was asked to address when hired - to fix the perception of rate payer paying for development, which isn't correct.

Leigh Nelson added it looks like traffic control was the main factor for the lower bid and being familiar with the area it helped. Commissioner Stevens moved to approve the award to B&L in the amount of \$501,753. Commissioner McDaniel seconded the Motion. The Motion passed unanimously.

- B. Vehicle Purchase Request: Replacement WWTP Vehicle – Michael Bowers noted the budget included \$25,000 for the replacement of the WWTP Subaru. The lowest bidder is Roy Robinson Subaru at \$24,117; not included licensing, etc. Michael noted his surprise the State contract price was higher than the local Subaru dealer. He recommends purchasing from Roy Robinson. Commissioner McDaniel asked why purchase, what about paying staff mileage. Michael explained that as a policy we do not want our employees using their personal vehicles for routine weekly government business. Commissioner Stevens Moved to approve; Commissioner McDaniel seconded the Motion. The Motion passed unanimously.
- C. Sewer District Board Governance – Commissioner Kirk expressed his opinion about having a five member Commission Board. The District is almost 7th highest in the State in revenue. Five of those 7 comparable Districts have a five member board. Commissioner Kirk explained how he cannot have a simple conversation with another Commissioner without it being in violation of the open public meeting act and the governing work load has increased substantially for only three commissioners to address. His initial perception as a new Commissioner was how easy it should be to govern a District. Now, after being a Commissioner for over six years Commissioner Kirk stated that he has a much better understanding of how complication and complex the position can be running a \$12 million per year utility serving City residents, unincorporated County residents, and businesses with increased housing growth, and many important City projects to support. Commissioner Kirk also stated that having a five member board would provide the ability to create subcommittees with other agencies with two members attending without triggering a quorum and a public meeting. Michael Bowers added looking at just the schedules being put out for the three Commissioners with full time jobs; it is becoming more demanding of their time to attend City Council meetings, WASWD meetings, address potential State legislative items and other governance meetings. There are a lot of partnerships out there that need to get things done. Lake Stevens is now a mid-size city, not a small city. Commissioner Kirk asked if the other Commissioners had any questions about the prospect of a five member board. Commissioner McDaniel stated that he was approached about expanding the board to include two city council members. District Attorney Brad Cattle stated he is not sure if that is legal and would have to look into it.

Brad explained it would take a Resolution to increase from 3 to 5 Commissioners. Then it would give a 90-day window for dispute of the residents to expand the Commission. Assuming the Resolution was passed, then the current board would appoint the 4th Commissioner, then the four Commissioners would appoint the 5th Commissioner. Brad added there is no public hearing required to increase to 5 Commissioners, but the board can choose to hold a public hearing. This should be done before the Resolution is passed if the Commissioners choose to hold a hearing. Michael added we could also put the public hearing notice in the newsletter and at the open house in June. Commissioner Kirk suggested making a public hearing for May 31st in the evening so that more of the public has a chance to attend. The Commission agreed.

For defining Commissioner Meetings, there is a list and Tonya Christoffersen will send it out to the Commission for review.

7. MANAGERS' REPORTS

- A. General Manager – Michael Bowers attended the WASWD Section 3 meeting with Commissioner McDaniel that included the Department of L&I giving \$650,000 to 42 WASWD Special District including ours with excellent safety records. There was also presentation regarding telemetry for lift stations. Michael was happy to see the District as one of the first Districts to go with the most advanced system available today with many operational efficiency and cost benefits.

Michael was asked to give an update on what a third party evaluation would be for potential merger between the District and the City. There are three parts he looks to integrate: legal counsel, mergers and acquisitions firm and a financial consultant. He is working on a scope of work and noted a draft scope should be ready within 2 weeks to provide to the City for review. This is not an easy process and will involve extensive amounts of work with most companies doing this through a third party with a Committee from both entities. Michael explained there could be approximately 9 months of work out there before being ready for input from both City and District leadership. Michael would like to do this the most cost effective way possible. He will be working with Gene Brazel and hopefully in the next 3-4 weeks they will have a mutually acceptable outline.

- B. Manager of Administration – Tonya Christoffersen is notifying the Commission they will be issuing a credit card for Bryan Steen as the field lead to purchase. She noted there have been some difficulties with the new owner of the duplex.
 - C. Treatment Plant – Caitlin Hubbard reported staff has continued to clean up the plant for the 60th celebration. Jeff and Casey are attending training in Issaquah.
 - D. Maintenance and Collections Supervisor – Johnathan Dix reported 24 GFC's paid to date and 14 inspections so far this month. In the process of the regular CCTV inspection of lines there were greasy lines in Frontier Village. Michael added on June 14th there is a meeting about the new FOG program at the Chamber of Commerce. He will put out staff recommendations at the next Board meeting.
8. **CITY REPORT** – Gene Brazel, City Administrator noted public works crews are still making repairs due to the storm at 10th street culvert work, with a few more repairs around town. Landscape is underway at the New City Hall.
9. **COMMISSIONERS' REPORT** – Commissioner McDaniel noted he was at the WASWD Section 3 meeting and there may be more savings in going to electronic public records keeping. Commissioner Kirk wanted to clarify his residency. He stated his mother has moved into his Lake Stevens home as of two weeks ago for the summer, but that house is still his primary residence six and he will move back in the fall of 2017. He had his voter registration card, driver's license, utility bills, etc. all showing his address in Lake Stevens and he has given this information to the District attorney to make sure he is in compliance with state law. Commissioner Kirk added he is not a part of this Board for fun, but because he has been a lifelong resident of Lake Stevens and he cares about this community. He came aboard to first look at getting back on track with financials and getting spending under control. His next step/goal was to build internal morale with staff and try to fix the relationships with the City. He believes this is a time to bring things together with new staff at the City and facilitate effective partnerships to benefit the public. His third goal on the board is to look further into unification and shorten the existing time line in the unification agreement by a few years. He is happy with his contributions and leaves it up to legal counsel as to ensuring that his residency is compliant to remain on the board through the end of his term.
10. **EXECUTIVE SESSION** – The Commissioners will now recess into Executive Session at 10:25 AM to allow a 5 minute recess and will last 20 minutes. The purpose of the Executive Session is to discuss contract negotiations and potential litigation. 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 be adjourned at the conclusion of the Executive Session.

At 10:00 AM the Executive Session was formally extended for an additional 15 minutes. At 10:15 AM.

11. **CONCLUSION** - There being no further business, the Board Meeting was concluded at 10:15 AM.

Signed at a regular open public meeting this 25th day of May, 2017






Pam Stevens, Secretary and Commissioner

Frank McDaniel, Commissioner

Brent Kirk, President and 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
Kevin Kosch		521 S Daves Rd	425 367 7727	Curiosity
Eric Dumas		City		
Gene Brazel		City		