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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 MEETING
 May 25, 2017 9:00 AM**

Attendees: Commissioners Pam Stevens, Frank McDaniel and Brent Kirk. Staff: Michael Bowers, Johnathan Dix, Caitlin Hubbard, 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 9:00 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: May 11		
B. Lien Placements (0)	NA	
Lien Releases (0)	NA	
C. Investments – (see fund balance sheet)	\$8,505.58	
Withdrawals	\$2,386,339.63	
Transfers	\$8,196.54	
D. Payroll	NA	
E. 40 – Maintenance	\$70,493.20	4322-4356
F. 48 – SRF Principle & Interest Payment	\$1,646,365.84	4357
G. 50 – City of Lake Stevens Bond Payment	NA	
H. 58 – Capital Expenditures	\$26,611.01	4359
I. 60 – P WTF Principle & Interest Payment	\$915,308.88	4358

- J. Lake Stevens Bartell Sewer Construction Plans Approval – Leigh Nelson showed the location on the map. Commissioner Stevens moved to approve Lake Stevens Bartell Sewer Construction Plans Approval. Commissioner McDaniel seconded the Motion. The Motion passed unanimously.
- K. Ihnot Short Plat Sewer Construction Plans Approval – Leigh Nelson noted the sewer plans are ready and meet District standards. This is to reapprove the plans; the original location to connect was modified. Commissioner Stevens moved to approve Ihnot Short Plat Sewer Construction Plans Approval. Commissioner McDaniel seconded the Motion. The Motion passed unanimously.
- L. Eagle Glen (Lennar Homes) 2nd Addendum – Michael Bowers noted this DEA has not been signed by the developer. There are some homeowners that have not signed easements therefore issues are still being negotiated.

4. PUBLIC FORUM – None

5. OLD BUSINESS

- A. Pre-Treatment Program – Michael Bowers along with District staff have a 30 page program. Michael noted the biggest issue is fats, oil and grease (FOG). The treatment plant and field workers added their biggest issue is grease. Caitlin Hubbard handed out the FOG program the District has put together. Michael would like to get the Resolution passed at the next meeting that

would allow the District to reach out to businesses to get education started. We can then work on getting grease interceptors in place at the two-thirds of the restaurants that currently do not have them installed. Michael is proposing a possible grant program to help businesses. Commissioner Kirk explained the different kinds of grease interceptors. Michael explained not only is it an issue for the District but it can be costly to the business owner as well for a blockage.

Michael Bowers would not like this to be a huge cost burden on businesses. He prefers a possible incentive program for those businesses that need to have a FOG program in place. Casey Mullins added the Treatment plant is seeing an increase problem in grease clogging screens and overall more than usual. Michael is asking for the Commissioners for direction on passing the Resolution. Commissioner Kirk added it sounds like we can help several businesses if we set aside a maximum of \$100,000 per year as proposed. Commissioner McDaniel asked who the biggest businesses are that don't have a grease interceptor. Johnathan replied those such as McDonalds and Buzz Inn are the largest category. Michael thanked the staff that worked on putting this together. Commissioner Stevens asked about existing buildings and asked if different businesses occupying the buildings Caitlin added this will be part of the NPDES permit requirements and will require us to have a Pre-treatment program.

- B. Old Treatment Plant Potential Disposition – Caitlin Hubbard has been in contact with Tulalip Tribes, State Fish & Wildlife and the Snohomish Conservation District regarding donation of our former wastewater treatment plant. These agencies are looking at a group effort to make the site a potential wildlife habitat.

Michael Bowers added the Department of Ecology may allow the District to spread the remaining biosolids on the old plant property. He should be able to come back to the Commission after more discussion with the Dept. of Ecology. Michael added it may take a few years for all phases to all come to fruition.

6. NEW BUSINESS

- A. Governance Structure for Lake Stevens Sewer District – Michael Bowers noted a public notice was put out to the Herald to run the 26th and 30th, on the District facebook page and on the District's website. He put together a draft agenda; including a staff report, the advantages and disadvantages of a 5 member board, the expense would increase by approximately \$16,000. The District spent approximately \$16,000 last year on the Board. The Commission would be able to speak to each other one on one or have a meeting with it requiring a Special Meeting. Out of the eight large Districts five of them have five member boards. He noted Lake Stevens is growing and is no longer a small city. Many of the Sewer Commissioners he has met at Conferences representing other Districts are retired or semi-retired and have more time and tenure to devote to a public utility business. It is their full time job. Brad Cattle explained the answer to the question of City Council members being on the board is no because it is viewed as a conflict of interest. With the unification agreement in place, City Council members appointed to the board as Commissioners wouldn't be able to vote; it would be an incompatibility of office.

Brad stated that the Public Hearing process should be structured and allow a reasonable amount of time for public comment so everyone is heard and has the opportunity to speak. Commissioner Kirk suggested legal counsel could provide a few scenarios of how the meeting should be structured. Commissioner Kirk added a response to the Mayor's opinion of the District posted on social media about why the District would want to have a public meeting. Commissioner Kirk would like to see the voters choose who would get appointed if the

Commission went to a five member board and to avoid any notion that the board would just appoint two friends of the district. Commissioner Kirk recommended anyone reading the message on Facebook, which eluded to unification resulting in lower rates, to read the Utility Committee minutes from March that reflect the Mayor was opposed to Commissioner Stevens' proposal to lowering rates. Commissioner Stevens asked to be emailed a draft Resolution. Brad Cattle asked the direction of reflection to make the decision at the conclusion of the public hearing or to deliberate first then make a decision. Brad Cattle explained in the recitals of the Resolution it could indicate the process and the Resolution could also be amended. Commissioner Kirk asked the Resolution be prepared for the meeting in the event that the board wanted to take action. Commissioner McDaniel stated it may be better to wait until the next meeting to make a decision after absorbing what was said at the public hearing. Commissioner Kirk and Stevens agreed that that might be the best option and discussed possible dates for a future meeting to take action based on the public hearing input.

- B. Recommended Consultant approach for Evaluating Unification – Michael Bowers handed out his draft scope of work for the consultants. He first went over his timeline; giving his scope of work to Gene at the City with two weeks to respond, then choose a company by July. Michael is recommending Moss Adams be brought back simply because they did the audit previously and are familiar with the District. Information would be needed from Brad; the City would help choose an alternative company. First the admin and financial audit, then a unification audit is proposed such as a “merger & acquisition” due diligence firm. We would need a company that has experience with unifications. There is a cost and a mutual capacity to get this done. The consultant will be able to evaluate the process and any major hurdles. The Bond Counsel and debt holders would also want to know the process of loans will be securely paid off during a unification and afterwards. District and City experts will also need to add to each team depending on the area and department. Commissioner Stevens asked if the District and City are splitting cost. Michael replied the Mayor, John Spencer agreed. Michael added that the District is not going to be spending money to fight the City despite the comments on Facebook. Commissioner Kirk added that addressing the results of the Moss Adams report was a difficult time for all District staff and the Commissioners. The report was done in great detail and was an essential part of streamlining the structure of the District. Commissioner Kirk would like to get input from the Utility Committee on potential choices for a consultant, he doesn't have anything against Moss Adams doing the work and if they can't then maybe they can suggest who could.

Commissioner Kirk wanted to clarify that the public hearing next week is only to discuss going to a 5 member Board. Brad Cattle suggested allowing each person a certain amount of time to speak and keeping them on topic would help keep the meeting to a respectable time.

7. MANAGERS' REPORTS

- A. General Manager – Michael Bowers had nothing more to add.
- B. Manager of Administration – Tonya Christoffersen was not present.
- C. Treatment Plant – Caitlin Hubbard reported the operations and maintenance is on schedule for the 60th celebration.
- D. Maintenance and Collections Supervisor – Johnathan Dix stated about 65% of the District collection system lines have been been CCTV'd.

- 8. CITY REPORT** – Gene Brazel, City Administrator noted he will make sure the unification topic is on the agenda. The City hall is on schedule and going well.

9. COMMISSIONERS' REPORT – Commissioner Kirk thanked everyone for showing up and to the four individuals that signed up for Sewer District Commissioner. He believes the tension between the City and the District is nothing more than a timeline debate over Unification and that issue is getting skewed. He has the utmost respect for everyone involved including the City Council and the Mayor and knows they have the community's best interest in mind.

10. EXECUTIVE SESSION – The Commissioners will now recess into Executive Session at 10:15 AM to allow a 5 minute recess and will last 30 minutes. The purpose of the Executive Session is to discuss a couple of contract negotiations. 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 10:45 AM.

11. CONCLUSION - There being no further business, the Board Meeting was concluded at 10:45 AM.

Signed at a regular open public meeting this 8th day of June, 2017



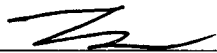



Pam Stevens, Secretary and Commissioner

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 Kosche		5215 Dawes Rd	425367 727	self interest ☺
SCOTT SMITH		11019 UCT LOOP RD	425-508-1593	
Andrew Wright		10215 29th St. NE	425-610-4378	
GARY PETERSHAGEN		9932 VERNON RD.	425.918.1245	CITY