



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
 July 27, 2017 9:00 AM**

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

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 with one adjustment to the July 13th, 2017 Minutes. The payroll amount was updated from \$174,588.80 to \$175,706.30. Commissioner McDaniel seconded the Motion. The Motion passed unanimously.

	AMOUNT	CHECK #'s
A. Minutes: July 13		
B. Lien Placements (0)	NA	
Lien Releases (0)	NA	
C. Investments – (see fund balance sheet)	\$483,967.77	
Withdrawals	\$154.00	
Transfers	\$12,293.01	
D. Payroll	NA	
E. 40 – Maintenance	\$145,301.88	4487-4527
F. 48 – SRF Principle & Interest Payment	NA	
G. 50 – City of Lake Stevens Bond Payment	NA	
H. 58 – Capital Expenditures	\$154.00	4528
I. 60 – P WTF Principle & Interest Payment	NA	

- J. Hillcrest Estates Construction Plan Approval – Leigh Nelson stated the plans are present and have submitted plans that meet the District standards. They are recommended for approval. Commissioner Stevens moved to approve Hillcrest Estates Construction Plan Approval. Commissioner McDaniel seconded the Motion. The Motion passed unanimously.
- K. Shadowhawk DEA – Leigh Nelson explained the DEA is now ready for approval after discussion on location of connection. Commissioner Stevens moved to approve the Shadowhawk DEA. Commissioner McDaniel seconded the Motion. The Motion passed unanimously.
- L. O'Day DEA – Leigh Nelson showed the location on the map. They will be connecting an additional lot not in the DEA. Commissioner Stevens moved to approve O'Day DEA. Commissioner McDaniel seconded the Motion. The Motion passed unanimously.
- M. Nourse DEA Addendum – not available. Michael Bowers noted it is still under discussion on the late comer fees. Once it is resolved it should be ready for approval at the next meeting.
- N. Mariondale/Eagle Glen DEA – Michael Bowers received an email from Lennar, they will not be using pay-as-you-pull, so this amendment is no longer needed. Leigh Nelson added they were locked into the \$8500 GFC rate but currently are now no longer locked in. Leigh mentioned that the rate they should pay is the current rate of \$8750 per lot.

4. PUBLIC FORUM – None

5. OLD BUSINESS

- A. Resolution No. 932 to approve the Mountain View Annexation – Michael Bowers reported no one contested the annexation. It has also been approved by the Boundary review board. It is ready to continue with the process. Commissioner Kirk asked if the City will be annexing this property into the City Limits. Patrick McCourt heard back from the City, they let him know they need to complete the annexation they currently are working on before working on this annexation. Patrick will be going to Snohomish County and not waiting for the City before moving forward. He will be working with the District.

Commissioner Stevens moved to approve Resolution 932 to approve the Mountain View Annexation. Commissioner McDaniel seconded the Motion. The Motion passed unanimously.

6. NEW BUSINESS

- A. Moss-Adams Updated District Audit – Michael briefly recapped the previous report given by Moss-Adams assessment of the District. It was discussed that it might be a good idea to reset the baseline now and validate the District's opinion of its financial position and accomplishments over the last 5 years. This will also help with the potential unification with the City. He believes we have resolved the issues Moss-Adams itemized in their report as well as many improvements they did not necessarily recommend. The District is better off today than when Moss-Adams projected we would be financially by the year 2020. He spoke to Moss-Adams and the cost would be nearly half the cost and half the time of the last audit. He likes using them since they did the last one, we wouldn't be starting over with another firm. Commissioner Stevens would also like them to see if we could lower rates. Commissioner McDaniel voiced the concern about this report not being beneficial if the unification happens or does not happen. Commissioner Kirk noted this would also help with our bond holders and help our S&P rating. Michael added that he and Tonya get a report every 6 months regarding our potential to refinance out biggest loan for \$30 million which is a Build America Bond.

This audit update could help the District Bond rate and help Standard and Poor's analysis. Commissioner McDaniel would feel more comfortable with a report from Michael stating the benefit of this report. Commissioner Kirk stated he would like the minutes to reflect his opinion it could help our bond rating, the standing with our rate payers of the due diligence the District is doing. Michael added he would like to see where the District stands with an independent review to see where we are and if there are areas we need to improve. Commissioner Kirk asked what Michael used to implement his work plan when hired. Michael stated that he used every recommendation from the Moss-Adams report to create a 5-year game plan of goals and objectives. Michael stated that Brent provided that report between his interview and his being offered the job and that is how he set his list of important actions. Michael added that the District is about to have a new Commissioner who will be replacing a 6- year veteran and with this report the new Board will have an updated baseline to create a new 5-year set of goals and target. Commissioner McDaniel is for the audit as long as we implement the findings. Commissioner Kirk would not hesitate in agreeing with a third party audit for any agency, it is good practice.

Commissioner Stevens moved to approve Michael to hire Moss-Adams to do an updated Audit report. Commissioner McDaniel seconded the Motion. The Motion passed unanimously.

7. MANAGERS' REPORTS

- A. General Manager – Michael Bowers reported they are down to the end of the union negotiations and will discuss more in executive session. He is working on a resolution on late-comer polices

and District policy with respect to financial participation in Developer agreements based on the Comp plan strategy.

- B. Manager of Administration – Tonya Christoffersen reported the entrance meeting for the State Audit went well. She is working with Theresa on a new nonprofit entity to do our Caring by Sharing program. The District is having an accountability issue with the current entity so we are pulling it from them. Tonya spoke to several people regarding the lien fee. She contacted the lobbyist and county it has been agreed on that the Sewer District is exempt and will not have to pay \$40.00 of the lien fee. That said, this has been a policy debate at the County for many years.
 - C. Treatment Plant – Casey Mullins reported flows are normal for summer; the increase compared to last year they believe is due to growth. They are working on assessing necessary controls upgrades. There is a small plant tour with an engineer. The old plant had a tour from Department of Ecology; Michael added they asked for the District to store the bio solids to one corner to better quantify what we have. We can then validate with Ecology if we use it as basically a topsoil fertilizer at the old plant. There are discussions with several entities to take over the site. Commissioner Kirk asked what the estimated total cost to complete this project is. Michael estimated \$1 to \$1.5 million based on what is left if we had to haul the biosolids to Eastern WA. The District would easily save \$1.0 million if we could use the residual biosolids on site and clean up the remainder of the plant site for conversion to an extension of native habitat. Casey noted plant staff will be changing cassettes for the new LEAP system and will not be present at the next meeting.
 - D. Maintenance and Collections Supervisor – Jonathan Dix reported 32 GFCs collected to date. The collections staff has been working on restoring some of the plants and bushes damaged by the 4th of July festivities. They are now using an eco-friendly version of weed killer. Barry Baker added the lift station 17 forcemain is underway. On Davies road they have encountered concrete panels and have moved to the other side of the road. There are some cost savings as well in some small areas of the Lift station 17 force main work. He noted they are hoping to go to bid in October on lift station 17 equipment upgrades.
- 8. CITY REPORT** – Gene Brazel, City Administrator thanked the District for the invitation to the 60th celebration, he and staff enjoyed it.
- 9. COMMISSIONERS' REPORT** – Commissioner McDaniel noted AquaFest is this weekend and reminded everyone to vote.
- 10. EXECUTIVE SESSION** – The Commissioners will now recess into Executive Session at 9:53 AM to allow a 2-minute recess to excuse the general public; it is estimated that executive session will last 35 minutes. The purpose of the Executive Session is to discuss contract negotiations with legal contract. 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. The executive session ended at 10:30 am.
- At 10:30 AM the Executive Session was formally extended for an additional 10 minutes.
- 11. CONCLUSION** - There being no further business, the Board Meeting was concluded at 10:15 AM.


Signed at a regular open public meeting this 10th day of August, 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
Patrick McLeary		10515 20th St SE CS WA		
Kevin Kosch		5015 Duell S	425-3677757	Self Interest