



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  
 November 27, 2017 3:00 PM**

**Attendees:** Commissioners Pam Stevens, Frank McDaniel and Brent Kirk. District Staff: Tonya Christoffersen, Johnathan Dix, Kim Jones, Casey Mullins, Caitlin Hubbard and Mickie Cooper. District Engineers: Leigh Nelson, Legal Counsel: Brad Cattle. City of Lake Stevens: Eric Durpos.

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.

	<b>AMOUNT</b>	<b>CHECK #'s</b>
A. Minutes: Nov 8, 9 & 14		
B. Lien Placements (0)	NA	
Lien Releases (0)	NA	
C. Investments	\$111,568.81	
Withdrawals	\$1,528,613.36	
Transfers	\$16,513.36	
D. Payroll	NA	
E. 40 – Maintenance	\$122,033.07	4839-4877
F. 48 – SRF Principle & Interest Payment	\$1,646,365.84	4878
G. 50 – City of Lake Stevens Bond Payment	NA	NA
H. 58 – Capital Expenditures	\$11,158.99	4879
I. 60 – PWTF Principle & Interest Payment	NA	NA

- J. Wagner Hills DEA Addendum – Not present
- K. Innot Short Plat DEA Addendum – Not present
- L. Hawksbeard DEA Addendum – Not present

4. **PUBLIC FORUM** – None.

5. **OLD BUSINESS**

6. **NEW BUSINESS**

A. Moss Adams Report – Mark Steranka, Colleen Rozillis, and Tammy Lohr from Moss Adams presented the Performance Audit Update. Mark reported that they have really enjoyed working with the District, and are pleased to see the progress the District has made, but they would have liked to see more progress made between the District and the City, and that will be important for the Districts future. Colleen discussed the overview of their report and explained that they were here in 2012 for a performance audit at the request of the City of Lake Stevens. She stated there were 22 recommendations, 15 complete, 5 in progress (more life cycle recommendations), and 2 were incomplete. There were 14 additional recommendations throughout the audit. Colleen explained the 4 areas of importance: financial, staffing, program, and district management. She noted one of the important areas that needs improvement was our policies and procedures, but they often see this as a theme in all industries. Succession planning is important, building internal capacity, and strengthen the relationship with the city. Tammy recommended the District

continue to work on documenting policies and procedures, and noted the District implemented a purchasing policy, and recommend the District create a comprehensive policy manual. She also recommended creating a process on how and when the District would fund capital projects. Another recommendation was for succession planning and cross training of staff. Colleen stated the District should continue building on current practices. She stated 5 years ago, the District had a difficult financial forecast, and noted the improvement in the current financial planning. She stated the District has also done a great job in budgeting and looking at debt. They would have liked to see more progress with the City and conducting the due diligence process with the City and would like to see more focus on integrating the cultures, this needs to come from commissioners, managers, and employees. Another area on improvement includes using the Utility Committee meetings more effectively, to take advantage of the group that is in place and to use the time to set goals. Mark stated its going to be really important for the Utility Committee meetings to be functioning to even think about merging in the future. He added that overall the District has made incredible progress.

Commissioner McDaniel asked Moss Adams what their thoughts were on our rates. Colleen responded that our rates are high, but it is due to the 40% debt service. She then explained that the maintenance and operations portion of the rates are not that high comparatively. Colleen stated the use of the rate stabilization fund is a best practice, and using the fund strategically is a best practice. Discussion ensued on how the rate stabilization fund brings down our credit rating. Matt then explained it is a best practice to have resources available but may be better to build it in to get a better rate. Tonya Christoffersen added the District does not have any plans to go out to bond, that bond council is coming in December and will be looking at a couple different options.

Commissioner Stevens asked Moss Adams about the Utility Committee meetings, and asked if that is a service they could provide, to help strategic and long-term planning with the City. Matt with Moss Adams responded that that is something that they could help with and that there are other companies that could help as well. Matt noted these meetings need to be made more worthwhile, and the way it should work is that the District and the City should have a joint strategic plan; both should be on the same page.

Commissioner Kirk discussed the challenge of bringing the City and the District together and explained there are two different goals between the two. If you are a standalone utility you want to pay off debt. Commissioner Kirk recommended both the District and the City set money aside for the due diligence process regarding the unification. Commissioner Kirk stated he has felt like the District has done everything financially to be the best stewards of our customers money, and that the report by Moss Adams creates a roadmap for us to improve, and that he appreciates all the work the staff has done.

Matt explained the pros and cons, and it's about how the customers can be best served. Discussion ensued on doing a better job between the District and the City.

Commissioner Stevens stated that our staff has done an incredible job following up with the recommendations from the initial Moss Adams Audit, and that the employees continue to work hard.

- B. Salon Michelle Rental Contract – The Commission agreed to move this item to the next board meeting.
- C. Resolution No 936: Adopting Charges to Reimburse the District for Sewer Facilities – Leigh Nelson explained this resolution is to establish a District reimbursement basin for the District owned portion of the Callow Road Construction. Commissioner Stevens moved to approve

Resolution No 936: Adopting Charges to Reimburse the District for Sewer Facilities. Commissioner McDaniel seconded the Motion. The Motion passed unanimously.

- D. Nourse (Callow Road) DEA Addendum – Leigh Nelson explained this modifies the addendum from August, the contract will be responsible for construction of the sewer on Callow Road, will provide credit for oversized and unused 8-inch pipe. For 1 ERU. The credit will be applied to the next contract. Commissioner Stevens moved to approve the Nourse (Callow Road) DEA Addendum. Commissioner McDaniel seconded the Motion. The Motion passed unanimously.
- E. Nourse Phases 1 & 2 DEA – Leigh Nelson explained this is for phase 1 and 2, 136 ERU, credits from oversizing will be applied to this. Commissioner Stevens moved to approve the Nourse Phases 1 & 2 DEA. Commissioner McDaniel seconded the Motion. The Motion passed unanimously.
- F. Nourse Phases 3 & 4 DEA – Leigh Nelson explained this is for phases 3 and 4, 113 ERU, includes oversizing, it's the same type of structure. Commissioner Stevens moved to approve the Nourse Phases 3 & 4 DEA. Commissioner McDaniel seconded the Motion. The Motion passed unanimously.
- G. Construction Plans for Nourse Phases 1 & 2 DEA – Leigh Nelson explained this is for phases 1 and 2, they conform to all developer standards and are recommended for approval. Commissioner Stevens moved to approve the Nourse Phases 1 & 2 DEA. Commissioner McDaniel seconded the Motion. The Motion passed unanimously.

Patrick McCourt stated there is currently 400 lineal feet remaining on Callow Road, paving of Callow Road begins today, the balance will be paved next week. He added flushing and testing has been done, they are now getting the line ready to be TV'ed. By the 15<sup>th</sup> of December, it will be 95% complete and the 18-inch line will have been installed. Patrick added this project is going well, little to no complaints and has been highly successful.

- H. Award Contract for Lift Station 17 Upgrade – Barry Baker reported they have been working on the Lift Station 17 Upgrade and there were 6 bids received; the apparent low bid was \$382,239.00 and the high bid was \$510,741.00, with the engineers estimate of \$394,708.05. Barry stated they have checked references and they recommend awarding the contract to Strider Construction Co. Inc. This is a project that will make use of the Lift Station 17 Force Main, to be complete in the spring. They will be replacing pumps within the housing, upsizing motors, and electrical, installing bulk systems. It will take equipment manufacturers several months to build the components and will be ready within the next construction season to take flow. Three references were called, and all were very positive. Discussion ensued on bid process. The bidders who asked questions and looked around had the most competitive bids. Not everyone read the plans completely, thought there was more electrical involved. A couple contractors did call, G&O recommended reading through documents provided. Commissioner Stevens moved to approve the Award Contract for Lift Station 17 Upgrade. Commissioner McDaniel seconded the Motion. The Motion passed unanimously. Strider Construction was awarded the contract.

## **7. MANAGERS' REPORTS**

- A. General Manager – see item B.
- B. Manager of Administration – Tonya Christoffersen reported she has spoken to a local resident named Genie Ash, and that she is looking to annex part of her property over by Bonneville, they have 65 plus acres and would like to bring the district's boundaries with the city's boundaries. Discussion ensued on how the District could annex with a resolution and at what point would they need to bring this to the voters for approval. Commissioner Stevens asked what would be

built on the property? Tonya responded all she currently has is the person's name, but will look into it further. Tonya added Kim will be looking into the WASWD retro program and talking to AWC. Tonya asked if there are any questions on budget, she would like to bring it back to December 14<sup>th</sup> meeting for approval. Tonya noted she has not seen the date for commissioner training in January, and that Commissioner Stevens is gone the 28<sup>th</sup> of December. Kevin will be sworn in at the January 11<sup>th</sup> Board meeting.

- C. **Treatment Plant** – Casey Mullins reported flows are up over 4 million; the Treatment Plant is now getting winter flows.

Caitlin stated she attended a tour of Janicki Industries and Janicki Bio Energies with Johnathan, Tonya and Casey on Friday Nov. 17<sup>th</sup>. She explained that Janicki is mainly a machining and fabrication operation, while Janicki Bio Energies concentrates on making use out of the british thermal units (BTU's) in our sewage waste via an Omni Processor and vapor recompression distillation (VRD). Caitlin explained they learned that the Omni Processor, which generates electricity, potable water and ash is owned by the Bill and Melinda Gates foundation and that they move very slowly in terms of getting technology out there, so Peter Janicki made V.2, the "Janicki Processor" and the VRD, in order for them to be commercially available. The VRD uses a compressor to recycle heat from water boiled out of manure or biosolids, and puts out distilled water, aqueous ammonia, and class A exceptional quality (EQ). Everett WWTF is a better fit, size and location wise, being closer to I-5, but they are not returning calls. Rough math indicates the plant produces about 6 or 7 gallons/min of material that is appropriate thickness for the VRD. The current VRD is designed for 30 gallons per minutes (GPM) but Peter said he would build us one that is sized for our operation. Peter would like to place a VRD at our plant, pay to have it hooked up, and run it, because the District has a nice-looking tour friendly plant and it would help him get his processor in the wastewater door. Discussion ensued on how this could be beneficial to the District.

- D. **Manager of Collections** – Johnathan Dix reported our GFC's are at 13.67 year to date. Over the long weekend most of our crew was working on a few lift stations, he commended them on a great job. They insured the waste water stayed in the pipes. Johnathan stated that last week he and Eric Durpos went and toured Monroe's decant facility, it was a good visit with several good ideas. Johnathan stated that with Eric's input there are some great alternatives the District can look into for a potential joint use decant facility for sewer, storm water and street sweeper collection.

**8. CITY REPORT** – None.

**9. COMMISSIONERS' REPORT** – Commissioner Stevens stated she went to WASWD, Commissioner McDaniel and Kirk had nothing to report.

**10. EXECUTIVE SESSION** – The Commissioners will now recess into Executive Session at 3:55 PM to allow a 5-minute recess to excuse the general public; it is estimated that executive session will last 10 minutes. The purpose of the Executive Session is to discuss review of performance of public employee. 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 4:10 PM.

**11. CONCLUSION** – The Board Meeting was concluded at 4:10 PM.

Signed at a regular open public meeting this 14<sup>th</sup> day of December 2017








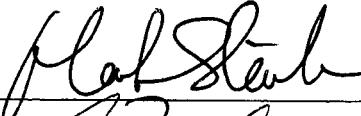
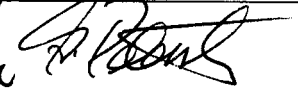




\_\_\_\_\_  
Pam Stevens, Secretary and Commissioner

\_\_\_\_\_  
Frank McDaniel, Commissioner

\_\_\_\_\_  
Brent Kirk, President and Commissioner


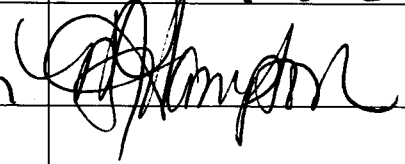
VISITOR SIGN-IN

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
Paul Knight				
Kenn Kell				
Raechel McLean			(4) 231-5123	City
Colleen Rozillis				Moss Adams Presentation
Tammy Lowr				"
Mal Steule				"
GARY PETERSHAGEN		LAKE STEVENS	425 418.1245	
Patrick McCullers		LAKE STEVENS	425-308-5191	
DAVID TOYER		3705 COLBY AVE STE 1 EVERETT 98201	(425) 244-1523	
Leigh Nelson		Graydon 701 Dexter Ave N Ste 200 Seattle WA 98109	206-284-0860	
Caitlin Hubbard		7110 9th ST SE LK. ST. 98258	425-309-4085	Janicki Info.

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
Eric Durpos		1612 main st	425-530-7532	city
Michele Hampton		LS	425-908-4250	mtg