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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
 January 11, 2018 9:00 AM**

Attendees: Commissioners Pam Stevens, Frank McDaniel and Kevin Kocshe. District Staff: Tonya Christoffersen, Tara Bighouse, Kim Jones, Ron Hoole, Casey Mullins, Paul Knight, Eric Echols and Mickie Cooper. District Engineers: Barry Baker and Leigh Nelson, Legal Counsel: Brad Cattle. City of Lake Stevens: Gene Brazel.

1. **CALL TO ORDER** – At 9:00 AM, Commissioner Stevens called the Meeting to order.
2. **PLEDGE OF ALLEGIANCE** – Commissioner Stevens led those present at the Meeting in the Flag Salute.
3. **CONSENT ITEMS** (The Commissioners have previously reviewed these in detail). Commissioner Kosche moved to approve the Consent Items A through I. Commissioner McDaniel seconded the Motion. The Motion passed unanimously.

	AMOUNT	CHECK #'s
A. Minutes: Dec 22 & 28		
B. Lien Placements (105)	NA	
Lien Releases (61)	NA	
C. Investments	\$858,750.00	
Withdrawals	\$77.00	
Transfers	NA	
D. Payroll	\$181,319.12	
E. 40 – Maintenance	\$145,334.96	4969-5029
F. 48 – SRF Principle & Interest Payment	NA	
G. 50 – City of Lake Stevens Bond Payment	NA	
H. 58 – Capital Expenditures	\$77.00	5030
I. 60 – PWTF Principle & Interest Payment	NA	

- J. Mission Ridge 5th Addendum to DEA/LS 8 Upgrade – Leigh Nelson noted this addendum extends the time frame of collection due to moratorium. This is concurrent with the motion made by the Commission last year. Leigh Nelson explained to the Commission how that area was brought out of moratorium by the upgrade to Lift Station 17. Commissioner Kosche moved to approve the Mission Ridge 5th Addendum to DEA/Lift Station 8 Upgrade. Commissioner McDaniel seconded the Motion. The Motion passed unanimously.

4. **PUBLIC FORUM** – none.
5. **OLD BUSINESS** – none.
6. **NEW BUSINESS**

- A. Election of Board of Commissioner Officers for 2018 – Commissioner McDaniel nominated Commissioner Pam Stevens as Board President. Commissioner Kosche seconded the Motion. The Motion passed unanimously. Commissioner Stevens nominated Commissioner Frank McDaniel as Board Secretary. Commissioner Kosche seconded the Motion. The Motion passed unanimously.
- B. Set Retreat Date – Tonya Christoffersen noted the possible dates for the Retreat that were sent in email to the Commissioners. The Commission agreed on February 6th at 9:00AM.

- C. Unification Appointee to work with the City – Tonya Christoffersen explained Commissioner Kosche has asked for Tonya and Gene Brazel from the City to work together on the pillars of the unification. Commissioner Kosche added he doesn't agree this needs to be appointed to make progress on the unification. He added he would like a plan with accountability. Commissioner Kosche noted his expectations to be completed by Tonya for the Utility Committee meeting. Gene Brazel added the City has completed their view of the pillars and city staff appointed to various tasks. Commissioner Kosche moved to appoint Tonya Christoffersen to work with the City on the unification process. Commissioner McDaniel seconded the Motion. The Motion passed unanimously.
- D. Resolution No. 937: Pellerin Annexation – Leigh Nelson pointed out the annexation area on the map. This resolution is to annex this area into the District boundaries. She added this allows the SEPA process to move forward. Commissioner Kosche moved to approve Resolution No. 937: Pellerin Annexation. Commissioner McDaniel seconded the Motion. The Motion passed unanimously.
- E. Resolution No. 938: Amending the Procurement Policy – Tonya Christoffersen explained this is amending the resolution to add the Federal procurement guidelines per the state Auditor. Commissioner Kosche moved to approve Resolution No. 938: Amending the Procurement Policy. Commissioner McDaniel seconded the Motion. The Motion passed unanimously.

7. MANAGERS' REPORTS

- A. General Manager – see item B.
- B. Manager of Administration – Tonya Christoffersen reminded the Commission of the open house next Thursday. There will be information about where the flow goes and the breakdown of the payments. She has a meeting with the VEBA representative. The Commission agreed to keep the meeting times and dates as the same going forward.
- C. Treatment Plant – Casey Mullins reported operations are averaging normal at 4 Mil per day. Plant performance is increasing daily. The Plant staff welcomes Commissioner Kosche. Commissioner Kosche asked if they have ever benchmarked the cost per gallon of flow .Casey answered it has been used in the past, however it isn't a fair reporting.
- D. Manager of Collections – Mickie Cooper reported for Johnathan Dix the District was short by 7 GFC's for our 2017 goal and our GFC's are at 65 year to date.

8. CITY REPORT – Gene Brazel reported there is construction in Lundeen park to remove some sycamore trees. They will then go out to bid on grading, sidewalk work, fixing drainage and new trees.

9. COMMISSIONERS' REPORT – Commissioner Kosche noted he has a list of items to address. He would to see a property manager to manage the upstairs property with no ties to the District and have it maximize the rental income. Tonya Christoffersen added the District is getting quotes now. Commissioner Kosche would like to see a breakdown on the bill of what the monthly rate pays for and even more in depth. Tonya responded she is working with The Masters Touch on getting more options, however space is limited. He believes when the rate increase discussion is had it will be easier for customers to understand seeing the breakdown and how it will benefit the rate payers. Commissioner Stevens added keeping it simple like a pie chart, easy for people to read. Tonya noted she will have samples by the end of January. Commissioner Kosche brought up the 3 or 5 Commission Board, he would like to table this discussion until February 2019; the Commission agreed. Commissioner Kosche didn't like how the first half of 2018 budget is up by approximately \$419,000 (16%) compared to the first half of actual 2017 expenses. He would like to index the spending from the first quarter this year to last year with exempt items; such as safety equipment and legally bound items. He would like large capital expenditures to come to the Commission for approval. He would like to see what could be pulled from the budget to get back to 2017 amounts. Commissioner Stevens suggested the staff has their full

time jobs and piling on too much to bring back in two weeks, it was agreed to put this item on the retreat agenda. Mickie Cooper added some of the line items are an earmarked amount with an uncertainty of some items such as lift station maintenance and health care cost. Mickie noted the District practice is to adjust the budget at midyear to reflect actual amounts. Commissioner Kosche would like to move forward on looking at a list of General Manager candidates. He would like the City to have input in filling that role. Tonya noted the District did reach out to Gene Matt after Michael left. She suggested having Gene Matt come in and meet with the Commission. He would like to see clear expectations for the manager with the unification etc. Tonya will see if Gene Matt is available for the next Board meeting. Commissioner Kosche noted his next item was regarding the unification pillars which was already discusses. Commissioner Kosche commented the debt acceleration and paying them off early or making a lump sum payment. He would like to see some scenarios and to have someone from the staff to own it and keep the Commission up to date. Commission Kosche would like to look at reducing the reserves to pay off debt. Tonya added at the last Board Meeting the bond counsel gave a presentation and conversation was had about the bonds and which ones you can pay off or refinance early. Commissioner Kosche would like to see a model on capital burden regarding the WWTP; on growth pays for growth and the rate payer portion. He suspects this is out of balance on the rate payer side. He would like to see more balance to use as a tool when looking at rates. Commissioner Stevens added to keep in mind the rate payers have already paid and it's been put into the rate stabilization fund. Commissioner Kosche understood. Commission McDaniel would like to know if the District got rid of the rate stabilization fund what would operating reserve amount be. Commission Stevens added the sewer rate forecasted income is not a guarantee and to keep that in mind. Commissioner Kosche would like to get a model of the capital burden. Mickie added when getting rid of the rate stabilization fund GASB 34 comes into effect and we will need to look into how we fund infrastructure replacement. Commission McDaniel added the WASWD section 3 meeting was informational.

10. EXECUTIVE SESSION – The Commissioners will now recess into Executive Session at 10:05 AM to allow a 3-minute recess to excuse the general public; it is estimated that executive session will last 20 minutes. The purpose of the Executive Session is to discuss contract negotiations, review of public employees and discuss potential litigation matter with legal counsel. 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 10:25 AM.

11. CONCLUSION – The Board Meeting was concluded at 10:25 AM.

Signed at a regular open public meeting this 25th day of January 2018



A handwritten signature in black ink, appearing to be "Pam Stevens".

Pam Stevens, President and Commissioner

A handwritten signature in blue ink, appearing to be "Frank McDaniel".


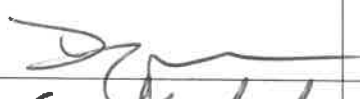
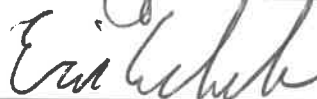





Frank McDaniel, Secretary and Commissioner

A handwritten signature in black ink, appearing to be "Kevin Kosche".

Kevin Kosche, 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
Gene Bazel				Board meeting
DAN TOYER		Everett, WA	425-374-1523	Board mtg
Eric Echols				Board meeting
Paul Knight				
Ron Hoole				
GARY PETERSHAGEN		LAKE STEVENS	425 418.1245	CITY BUS.
Raichel McPaul				city Bus
Michelle Hampton				Mtg