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

**MINUTES
 COMMISSIONER MEETING
 December 13, 2018, 9:00 AM**

Attendees: Commissioners Dan Lorentzen, Mariah Low and Kevin Kosche. District Staff: Tonya Christoffersen, Tara Bighouse, Johnathan Dix, Mickie Cooper, Caitlin Hubbard and Casey Mullins. District Engineers: Barry Baker and Leigh Nelson, G&O. Legal Counsel: Jordan Stephens. City of Lake Stevens: Gene Brazel and Eric Durpos

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

	AMOUNT	CHECK #'s
A. Minutes: Nov 8, 20, 27, 28, Dec 5 & 11		
B. Lien Placements (23)	NA	
Lien Releases (43)	NA	
C. Investments	\$594,250.00	
Withdrawals	\$93,208.86	
Transfers	NA	
D. Payroll	\$181,189.72	
E. 40 – Maintenance	\$169,586.50	5908-5962 & EFT117
F. 48 – SRF Principle & Interest Payment	NA	
G. 50 – City of Lake Stevens Bond Payment	NA	
H. 58 – Capital Expenditures	\$165.00	5963
I. 60 – PWTF Principle & Interest Payment	NA	

5. PUBLIC FORUM – Non-action Items (please limit comments to 3 minutes)

Patrick McCourt commented on the resolution item on the agenda and would like the board to reconsider its decision to pass the resolution. He stated he has had conversations with each commissioner individually and years ago was neutral on the decision. He asked a Commissioner at the time, where are the meeting minutes from the utility committee meetings and why are there no utility committee meetings. From a rate payer, developer perspective he believes it is time to move on with the unification process and with the current commission and city council that are capable and why trust is the issue and why not bring someone in and take the distrust out of the equation. Ultimately the unification is going to happen and why wait for another commission to start the process over again. Why can't intelligent unemotional people come together. He wasn't in attendance at the last utility meeting, but it was his understanding Commissioner Kosche put out a list of items to move forward and they were addressed. He would like this resolution to be suspended and revisited. It's going to happen and a good group of people to get the process moving forward to unification.

Casey Mullins respectfully disagreed with Patrick McCourt and believes the work was done and it will move forward why the rush, the trust needs to be built and he does attend the meetings on his own time. The process is well thought out and is fine with the Commission's decision.

Patrick commented with respect to what Casey stated, he has been a big part of this District and there was a time when he was emotionally detached from the City. There will be an election soon and the work has been put in and this will have to be done over again. Certainly, the personalities of the Commission and Council are known, and his perception is this thing will turn into elected officials and he hates to see it. It was one community one lake let's see that happen. Let's make it happen without disputing, it doesn't have to happen immediately. The prior leadership created the ILA with the intent to make the merger happen in a cohesive and collaborative manner. You can't build trust without the light.

Casey added trust is earned. Jim Farrell added it needs to happen before not after.

Patrick added he couldn't agree more with the two gentlemen, but the ILA states to unify and rate payer money being spent and there is no call for it.

Tonya Christoffersen stated in response to Patrick's comments, yes there is a resolution to not merge at this time. The agreement has been established to work on deal points and working on the issues that came up to continue to work on this. They have taken the information from the meeting and will continue. The rate payer has been taken into account, spending the \$3 million that it will cost is a three-dollar rate increase in order to pay for it. She stated it really starts with the elected officials and Gene and herself to get there.

6. OLD BUSINESS

- A. Resolution 956: Related to Unification – Tonya Christoffersen explained this is a resolution that states the Commission does not support accelerating the merger at this time. Commissioner Low thanked everyone for their comments. She stated after weighing the risks and benefits not to start the clock to merger is something, she is comfortable. As she stated it is the Utility Committee that is supposed to work toward merging by following the correct protocols and the work is not wasted but the work needs to be put in and has begun. Additional meetings have been set up to work toward the unification. Commissioner Lorentzen stated he agreed what has been said by everyone as well. The due diligence that was done by the board there are three fairly new commissions and the unification will happen. He knew this resolution will not end this discussion it will allow the process to provide the least amount of disruption. He is not blaming anyone previous there were reasons back then for the ILA and the City will eventually come together with the District. There isn't going to be a magic switch, there is a process and the plan to work them out is realistic, but he doesn't want to send false hope to stop the unification it's about coming together and yes trust is earned. He believes they will get there. Commissioner Kosche added his comment is to reiterate this has been a 14-month process and the focus has to be on the Utility Committee and to make it work as intended in the ILA. He believes the relationship is moving in a good direction. He would certainly expect the discussion will come up again by 2032 as the seats changes. He is hoping it doesn't come up in the next years. Commissioner Lorentzen moved to approve Resolution 956: Commissioner Low seconded the Motion. The Motion passed unanimously.
- B. Presentation of the Former WWTP Projects and Use Update for 2019 – Caitlin Hubbard presented the due diligence that has been commented so far of the benefits and limitations of

this property. The main constraints: part of a flood plan, it is in both a 100-year flood plan and part of the national wetlands inventory, the land consists of hydric soils and the 85-foot-deep pilings have sunk, the fence posts float and the access road. The access road sinks, there is a drainage ditch on each side of the road so there has been no approval to expand the one lane road. Back in the 90's the WWTP operators got tired of rowing a boat to the plant so the road was built up, however it has sunk down. The driveway entrance has a steep grade and a dangerous view coming out. There are cables and a petroleum pipeline built under the property. Due to these restraints the District has been discouraged from this property being high usage. The suggestions are to keep the noxious weeds from growing, the neighboring land does grow hay. Looking into stormwater use would benefit the neighboring properties, and theoretically the lagoon could handle stormwater but would need to stay the same size. The answer from Ecology is a maybe. Suggestions for the land is to plant native plants, take care of the remainder of the noxious weeds and build up the native species. The neighbors have requested to keep the gate by the road locked to keep out people being a nuisance, just locking the gate at the former plant still allows access to the dike. There are a number of groups that would love to collaborate. The next steps remove the remains of the biosolids in to the bottom of the lagoon by running a soil ripper through it and to seed it to keep out noxious weeds, then write a letter to Ecology stating the District has completed this. Commissioner Kosche asked what is the timeline for this to be complete. Caitlin replied she would like to go out to bid now to get the work done in August. The process gets harder to by waiting to go out to bid in Feb, March. By fall it seems doable to get the letter of completion from Ecology. Commissioner Kosche recapped doing the work, getting the completion letter from Ecology and potentially getting this property transferred to the City by 2020. Tonya added she has spoken to the state auditor and it doesn't seem to be a normal process but there is a way to be doable. Commissioner Kosche asked Gene and Gary would it be possible to get this to the Council. Gene added the question being is it doable or does it have to wait for all assets to be transferred. Patrick McCourt added he would be hesitant to tear up the liner if being used for storm water. Caitlin replied the liner is pretty much torn up and not usable anyhow. When she probed the lagoon there was no liner in the samples. Patrick asked it is potentially a money generator with the City to potentially give wetland bank credits. Commissioner Kosche stated it has been discussed and it was a big cost the rate payer. His opinion on the agreement is the District can transfer the asset. Patrick added from a collaborative the City has a billable lands issue that cannot be met, so even though it may seem to be a push. The District has debt and needs rate payers. So, to get rid of this and the ability to create land in the UGA that could be filled it's not a push to create GF Collection. Commissioner Kosche replied that would be the City and to get maximum value out of it and working toward a fall transfer. The Commission agreed to going out to bid.

7. NEW BUSINESS

- A. Lift Station 17 Upgrade Change Order – Johnathan Dix reported they have reached final completion of the project. This change order is for the new liner and adds \$85,224.48. He is asked for approval of the change order. Commission Lorentzen moved to approve the Lift Station 17 Upgrade change order bringing the total cost to \$436,224.38 without tax. Commissioner Low seconded the Motion. The Motion passed unanimously
- B. Lift Station 17 Progress Estimate: Check #5964 for \$108,208.48 – Mickie Cooper explained this is PE number 4 and could not be approved until after the change order was approved as the pay estimate includes items on the change order. Commissioner Lorentzen moved to approve the PE. Commissioner Low seconded on the Motion, The Motion assed unanimously.

- C. G&O Contract Amendment #14 – Johnathan Dix explained this is due to the oxygen tank and the programming of the PLC. Conley engineering had to come in and program the PLC to the new process level control sensor. He is requesting the Commission approve the Contract Amendment. Commissioner Lorentzen moved to approve G&O Contract Amendment #14 in the amount of \$14,150. Commissioner Low seconded. The Motion passed unanimously.
- D. 2019 Budget Approval – Mickie Cooper reported this is the 2019 budget guidelines. Schedule 1 is the budget cash flows. She explained there the District has 125 more permits than anticipated in 2018 so she expects the start of year cash will increase. She stated there is no need to pull from the Rate Stabilization fund 2019. The capital cash flows will start off with \$13.6 million; which is due to the additional connections. There will be \$8m in capital expenditures in 2019. Schedule 2 goes over the revenue projections coming in at 13.8 Million, permit fees were left at 150 and includes the rental income from Vernon Business Center second floor. Schedule 3 is the Debt, it shows the 2018 and 2019 debt payments. She stated the District's debt payments have passed the plateau. Schedule 3a shows the STP1 Const loan being paid off in 2021 and three more in 2023. Commissioner Low noted this is not accelerating any payments, Mickie replied correct this budget does not accelerate any debt payments. Schedule 4, Mickie explained the biggest change in the Maintenance and Operations budget is the removal of a new GM position and the addition of 1 admin, 2 collections and 1 treatment plant staff. She stated there isn't anything out of the ordinary in the admin budget. The medical insurance is estimated at a 12% increase and will get updated at the mid-year budget. Advisor expenses are down due mostly to the removal of the head hunter for the GM position saving \$31,000, the legal cost include \$35,000 for bargaining and the legal cost for unification have been removed. Field Maintenance and Collections include variable items, maintenance of lines and manhole adjustments. Utilities are a standard 5% increase. Treatment Plant budget, the biggest increases is in salaries and benefits due to adding one employee. Line 102 has an incorrect amount for the actual through September it should be \$21,138 not \$48,217. Jeff found the error and it just hasn't been updated. Tonya noted the arc suit included in the Safety line item has been purchased already and Jeff was able to purchase if for less than we budgeted for it. The total budget is Operations and Maintenance budget is \$6.5 million, up \$361,000 from last year. Schedule 5 is the capital projects; the top section comes from the Districts comprehensive plan. Mickie stated that she and Johnathan went through the comp plan projects and moved some around. In 2019 the big project is the Regional Lift Station at \$6.2 million. The second section is the other capital projects including the biosolids removal, decant facility, truck replacement and collections repairs as well as the parking lot. She added there will be an addition to the other capital projects; fixing the Vernon Business Center. Mickie talked about the five-year forecast. She stated the forecast shows the 2018 mid-year, 2019 budgeted amounts and next forecasted five years. The District will keep the rate at \$86 for 2019. She explained this year will have more end of year cash due to the extra 125 new rate payers. Commissioner Kosche stated he is very familiar and comfortable accepting it based on the very, very clean audit. Patrick McCourt referenced the ILA and asked if it was taken into considerations. Mickie replied nothing was removed from the Comp Plan, just moved to different years. Patrick then asked if the Utility Committee agreed on the budget. Commissioner Lorentzen stated there is an issue with not having a budget for the county and there are no more meetings of the Utility Committee for the rest of the year. Commissioner Kosche stated it's a good question, the Utility Committee has not been properly working by the ILA agreement and is going to be working on that. Gene spoke to this as well and he agrees with Commissioner Kosche by both parties. He would probably hold off on the Treatment Plant

work, but not hold off on the budget for the Utility Committee. Mickie added the District doesn't have to formally adopt a budget, these are just guidelines. Commissioner Lorentzen moved to approve adopting the budget as presented. Commissioner Low seconded. Motion passed unanimously

8. MANAGERS' REPORTS

- A. Manager of Administration – Tonya Christoffersen reported the Vernon Business Center windows has been inspected and suggested they be replaced at a cost of \$19,000. The District chose not to have them replaced and had them re-caulked instead by Mavtal who were here yesterday measuring and crawled under the building to look into the structure to give a report on the building. She noted it is safe to be in. Tonya stated that we may have an insurance claim for Salon Michelle's floor due to the leaking windows. The Audit was exceptional and thanked Mickie for her work on the financials. She has been asked to speak at Rotary about FOG and how to keep the lines clean.
- B. Manager of Collections – Johnathan Dix reported 371 GFC and 275 permits sold. He has just got back from a three day training course. The wind storm went by with no problems.
- C. Treatment Plant Update – Casey Mullins reported flows are averaging 2.8 plus MGDs per day a small spike is normal with rain flows. The Biofilter media replacement is complete and everything smells great. The bearings in the centrifuge has been an ongoing issue; the biggest concern is the worker with extensive knowledge is stumped by this issue. The operators are continuing to work on it but it is currently working.

9. CITY REPORT – Gene thanked the board and staff for all their hard work this last year and happy holidays.

10. COMMISSIONERS' REPORT – Commissioner Lorentzen thanked everyone and looks forward to 2019, Merry Christmas and Happy New Year. The State Auditor report was very good and thanked everyone for their hard work, it takes everyone as a collective.

11. EXECUTIVE SESSION – Jordan Stephens stated that the Commissioners will recess into Executive Session at 10:20 AM; it is estimated that executive session will last up to 10 minutes, concluding at 10:30 AM. The purpose of the Executive is to discuss pending litigation and potential litigation if discussed in public may disadvantage the District. At the conclusion of the Executive Session no announcement or action will be taken by the Board of Commissioners.

The executive session was formally extended to 10:35 AM

12. CONCLUDE – The Board Meeting was concluded at 10:35 AM.

Signed at a regular open public meeting this 27th day of December 2018






Dan Lorentzen, Commissioner





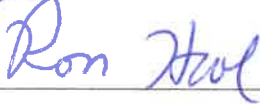


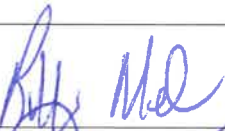
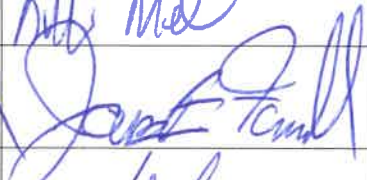


Marian Low, Secretary and Commissioner



Kevin Kosche, 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
Brandon Shane		LSSD		
Louise Gibson		LSSD		
Ron Hoole		LSSD		
Caitlin Hubbard		LSSD		
CASEY K. MULLINS		LSSD		
Eric Durpos		City		
Gene Brazel		City		
Robin Nelson		PACE ENGINEERS	415-827-2014	
Jim Farrell		LSSD		
Patrick McCar		LANDPRO		
Sam Levi		Land Pro		