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

**MINUTES  
 COMMISSIONER MEETING  
 March 8, 2018 9:00 AM**

**Attendees:** Commissioners Pam Stevens, Frank McDaniel and Kevin Kosche. District Staff: Tonya Christoffersen, Johnathan Dix, Tara Bighouse, Ron Hoole, Jeff Baisch, Caitlin Hubbard, Casey Mullins, Kim Jones and Mickie Cooper. District Engineers: Barry Baker and Leigh Nelson, Legal Counsel: Brad Cattle. City of Lake Stevens: Gene Brazel and Eric Durpos.

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.

	<b>AMOUNT</b>	<b>CHECK #'s</b>
A. Minutes: Feb 13 & 22		
B. Lien Placements (67)	NA	
Lien Releases (87)	NA	
C. Investments	\$1,072,750.00	
Withdrawals	NA	
Transfers	NA	
D. Payroll	\$174,867.92	
E. 40 – Maintenance	\$138,595.73	5146-5195
F. 48 – SRF Principle & Interest Payment	NA	
G. 50 – City of Lake Stevens Bond Payment	NA	
H. 58 – Capital Expenditures	NA	
I. 60 – PWTF Principle & Interest Payment	NA	

J. Soper Hill DEA Approval – Leigh Nelson showed the location on the map. It is currently for one ERU until the building is determined and this addendum is a one-year time extension. Commissioner Kosche moved to approve the Soper Hill DEA. Commissioner McDaniel seconded the Motion. The Motion passed unanimously.

4. **PUBLIC FORUM** – Paul Knight – Lake Stevens Sewer District – He is speaking on behalf of himself and co-workers in his department regarding the assumption agreement and would like this reflected in the minutes, their concern about the problems at the City with the Public Works Director. Commissioner McDaniel stated there has been no agreement reached until July. Commissioner Kosche acknowledges the comments and he believes we need to focus on what we can control with nose down on work. Commissioner Stevens thanked Paul for standing up, stating it couldn't have been easy.

5. **OLD BUSINESS**

A. Pellerin Annexation Public Hearing – Leigh Nelson explained we will need a public hearing at the next meeting. Johnathan Dix explained the Herald made an error when posting and posted a previous notice not the one emailed to them, this doesn't give 14 days' notice. The public hearing will be brought back to the March 22<sup>nd</sup> meeting. Patrick McCourt explained the two District annexations for clarification.

- B. Rate Increase Assessment – Tonya Christoffersen explained the two scenarios and handed it over to Mickie. Mickie Cooper explained she did the first analysis on 130 ERU's. The second scenario is at 179 ERU's. She also asked bond Council about the money in the rate stabilization fund and this fund has to pay for debt. Discussion ensued regarding the various scenarios. Tonya reminded the rate stabilization fund cannot go below \$4 million. Commissioner Kosche would like to see a scenario with using the most that can be used from the rate stabilization fund and still accelerating principal payments with zero impact on the reserve of the rate stabilization fund on the scenario of 130 ERU's and the \$5.00 increases every three years. The Commission would like to see this brought back to the next meeting. Johnathan explained the development growth cycle is an every other year cycle and since 2012 the average is approximately 220 ERU's. Commissioner Stevens asked what money is reserved for an emergency. Mickie replied there is no emergency fund.
- C. GFC Discussion – Johnathan Dix asked Rodney Langer with CHS who put together the Districts Comp Plan to take a look at a memo drafted by the City that was an update to the buildable lands report. They both agreed the buildable lots and Comp Plan assumptions are on track. The difference between the City and District Comp Plans are a difference of 747 lots. They just received supporting information from the City and have not had a chance to look over it. Johnathan explained once the capacity of the Treatment Plant reaches an 85% of designed capacity the District has to look into the upgrade. Johnathan will have more information next meeting of the range on GFC rates and he hopes to have a recommendation. He will get together with Rodney Langer about moving around projects and updates to the Comp Plan. Patrick McCourt asked how much debt the District has and the cost needed for GFC's. Johnathan explained statutes require GFC's can only pay for capital projects. Patrick added there is an outcry from the citizens for larger lot sizes, Gene Brazel agreed. He believes the buildable lots count is not correct and suggests not spending money before getting a more accurate number of buildable lots. He stated everything is increasing and unfortunately it may be reflected in the rates.
- D. Evaluation of Merger – Tonya Christoffersen noted she and Gene Brazel met with Lynne Danielson, the General Manager for Olympic View Water and Sewer District and based on her experience with a merger. The City is looking at purchasing software and if they choose Caselle it would be an easy way to incorporate both. She suggests creating an incentive program for current employees to stay through the merger. UGA concerns that the City cannot expand beyond and the timeframe of this with the County is 2-3 years. Tonya stated Lynne suggested the City adding on a utility tax and reiterated a Sewer District does not have land use authority. She is suggesting a joint message which Tonya and Gene can do together. Troy Stevens, from the City of Lake Stevens sent an email inviting two District employees to participate in the training of their new software, GIS asset management program. Gene added his perception is the back and forth has been great; the staff promptness has been great. Commissioner Kosche asked about the environment of the Ronald merger. Tonya explained it was more of a hostile takeover. Commissioner McDaniel asked how many mergers have happened in the state. Tonya replied only Ronald Wastewater. Both Sammamish and Issaquah both stopped their mergers after approximately 10-12 years. She would like to reach out to both of them and find out why they stopped.

## **6. NEW BUSINESS**

- A. Resolution 941: Revised Fats, Oil and Grease Fee Request Presentation – Caitlin Hubbard noted some changes were made to the FOG Regulations. The mention of the illegal fine schedule has been renamed and amounts were added. All permit wording has been removed and replaced with FOG Fee, including inspections, etc. Commissioner Stevens asked how the businesses will know,

she replied many letters and the information night. Caitlyn explained all language naming General Manager to include and/or all pre-treatment staff. Commissioner Kosche asked how the fee schedule is determined. Caitlin explained staff time and cost. Johnathan added this is not a revenue generator, to keep it neutral is the goal. Commissioner Kosche moved to approve Resolution No. 941: Revised Fats, Oil and Grease Fee Request Presentation. Commissioner McDaniel seconded the Motion. The Motion passed unanimously.

- B. Bulk Oxygen Tank Purchase Discussion – Johnathan Dix explained in the Lift Station 17 upgrade the size of the Bulk Oxygen Tank will be upsized. The rental fees for these are approximately \$500 per month. He asked Central Welding the cost to purchase the tank out right. The Cost of over 5-years is approximately \$72,000 and the cost of purchasing the tank is approximately \$76,000. The return on investment is 5.3 years. Commissioner Kosche asked the life of the tank. Johnathan replied yes it should last a very long time. Commissioner Kosche moved to approve getting bids and proceeding if the cost is concurrent for purchasing a bulk oxygen tank for lift station 17. Commissioner McDaniel seconded the Motion. The Motion passed unanimously.

**7. MANAGERS' REPORTS**

- A. General Manager – see item B.
- B. Manager of Administration – Tonya Christoffersen reported she has a request for the lease upstairs. She noted the changes and would need to discuss in executive session. After the executive session they will come back out.
- C. Treatment Plant – Casey Mullins reported the currently average incoming flow at the plant is 3 million, which is normal for this time of year. The plant workers are happy to see the FOG program getting underway.
- D. Manager of Collections – Johnathan Dix had nothing to report.

**8. CITY REPORT** – Gene Brazel reported by weeks end the City will be putting out an RFQ for the police station upgrade.

**9. COMMISSIONERS' REPORT** – Nothing to report.

**10. EXECUTIVE SESSION** – The Commissioners will now recess into Executive Session at 9:58 AM to allow a 2-minute recess to excuse the general public; it is estimated that executive session will last 25 minutes, concluding at 10:25 AM. The purpose of the Executive Session is to review two contract negotiations and potential litigation. At the conclusion of the Executive Session, there may be action taken by the Board of Commissioners.

At 10:25 AM the Executive Session was formally extended for an additional 10 minutes.

At 10:35 AM the Executive session was concluded.

After the Executive session. Commissioner Kosche made a Motion to the Upstairs Rental Contract to amend the date request to a 33 months lease starting April 1 2018, a 90 day notice to vacate, affirming the existing contract rent amount of \$2668.75 per month and the triple net of \$1000 based on actuals. The contract must be signed and returned within the next 10 days by the tenant, failure to do so or action will be taken accordingly. Commissioner McDaniel seconded the Motion. Commissioner Stevens and Kosche in favor and Commissioner McDaniel apposed. Motion passes.

**11. CONCLUSION** – The Board Meeting was concluded at 10:40 AM.

Signed at a regular open public meeting this 22<sup>nd</sup> day of March 2018



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Pam Stevens, President and Commissioner

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Frank McDaniel, Secretary and Commissioner

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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
PATRICE McBERT		10515 20 <sup>th</sup> ST		pelican Auction
Ron Hoole				
Caitlin Hubbard				
JEFF BAYSH				
Michelle Myers		11008 18 <sup>th</sup> ST NE		
Paul Knight				LSSD
CHRIS GRISSON				LSSD
Raichel McDaniel		City		City
GARY PETERSHAGEN		City	425 418.1245	