



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 OF SPECIAL MEETING BOARD OF COMMISSIONERS

**November 27, 2018
Utility Committee**

Attendees: Commissioners Dan Lorentzen, Mariah Low and Kevin Kosche; General Manager Tonya Christoffersen, Collections Manager Johnathan Dix, and Mickie Cooper.

Guests from the City of Lake Stevens: Councilmembers Kim Daughtry, Gary Petershagen and Raichel McDaniel, Mayor John Spencer, City Administrator Gene Brazel, Kathy Pugh, and Barb Stevens

1. **Called to Order** at 4:00 PM by Commissioner Kosche. He moved into the meeting agenda item "Utility Committee Meeting".
2. **Roll Call** – Mayor Spencer took roll call, Marcus Tageant was absent.
3. **Action Items:**
 - A. **Approval of Meeting Minutes of October 23, 2018** – Councilmember Daughtry moved to approve the October 23, 2018 minutes. Commissioner Low seconded the Motion. The Motion passed.
4. **Public Forum** - None
5. **Discussion Items:**
 - A. **Accelerated Assumption** – Mayor Spencer asked the order of items be changed. Item 2 Draft Protocols and Standards Document be moved to item 4, Item 3 Financial Comparison between City and Sewer District be moved to item 2.
 1. **Deal Points** – Commissioner Kosche stated that the Commission has spent about 20 hours on the deal points and they are almost complete. Mayor Spencer asked if the deal points would be handed out today and Commissioner Kosche replied not today. Mayor Spencer stated he was curious as to why not today and Commissioner Kosche replied that it is a very detailed report and the Commission has yet to finalized it. Commissioner Kosche stated he will share the headings for the deal points and they are Timeframes, Job Security above and beyond the statutory requirements, Operational Consistency, Financial Assurance, Reunification Expenses; who bears the cost.
 2. **Financial Comparison between City and Sewer District** – Mickie Cooper and Barb Stevens presented the Unification Savings and Incurred Costs numbers. Mickie and Barb went down the document and discussed how they come up with each savings and

incurred cost. Mickie went over the Savings to the Rate Payor, without Unification Cost it would be a savings to the rate payor of \$0.30 per month over ten years, with the Unification Cost the rate payor would have to pay an additional \$1.12 per month over ten years. Gene stated that after our last meeting he thought the salary costs included in the \$2.2 million Unification Costs and those should not be included as those salaries are already being paid, they are a soft cost. It was agreed that we should take out the \$822,418 salary cost for this comparison. Mayor Spencer wanted to look at the insurance in more detail. Barb stated the biggest difference between the Districts insurance and the City's is the City has a \$20 million umbrella where the District has \$5 million and the City has a higher experience factor than the District. Mayor Spencer asked if the sewer could be insured at a lower experience factor than the overall City. There was some discussion and Barb stated she would take a closer look into it. Commissioner Low asked about the \$5,000 savings for office equipment. Mickie explained the District's budget line item includes printers, calculators, computers, chairs, desks, etc. and it was decided that of the \$12,000 budget we could cut \$5,000 out. Commissioner Lorentzen wanted to know if the Due, Certs and Subscriptions line item included the certifications that the staff needed. Mickie stated that the \$18,000 is strictly the dues the District pays to WASWD (Washington Association of Sewer & Water Districts). Mayor Spencer stated that we should look more into the insurance costs and add in the Labor & Industries tax to the calculation.

- 3. Potential Cost Savings of Accelerated Assumption** – No discussion.
- 4. Draft Protocols and Standards Document** – Mayor Spencer asked if the committee was ready to talk about these. Gene stated it is currently in rough draft form and asked everyone to get back to him with their suggestions and/or corrections so that he can put it all together to go over at a future meeting. Commissioner Kosche stated we need to get back on this as it is an important task to get done.
- 5. Status of the City Being a Future Assignee on all Easements** – Gene stated the City's planning staff is still going through all the DEA documents to find all easements from 2005 through today and they are doing this in their spare time. Gene added that Tonya has been working with Brad Cattle to get language added to future easements. Commissioner Kosche stated if there was any cost to fix these easements that those cost should be borne by the District.
- 6. Status of the Old WWTP** – Tonya stated the District has delayed the decision with the tribes until the first quarter of 2019. Tonya also stated the District has spoken with the County regarding the different uses for the property and what would not be allowed and that the District is putting everything together. Commissioner Kosche added that the District is doing their due diligence, like selling property we are putting together everything we can in the spirit of full disclosure and so that the District will be fully prepared. Mayor Spencer brought up the soccer fields in Snohomish are in wetlands. Tonya stated she has spoken with the County about that and it is a matter of private land versus government land. Councilmember Daughtry asked if someone was farming on the Districts land. Tonya stated they are farming on their property not the Districts property. Mayor Spencer stated the City has this on their agenda tonight along with an ILA between the District and the City for the transferring of the property.

B. Other Timely Updates in the Spirit of Planning/Transparency – Commissioner Kosche stated this was added at his request and he does not have anything to talk about on this today.

- 6. Schedule the Next Meeting** – The next Utility Committee meeting is scheduled for December 11th at 4:00 PM.
- 7. Conclude** – There being no further business, Commissioner Kosche concluded the Special Meeting at 4:34 PM.

Signed at a regular open public meeting this 13th day of December 2018






Dan Lorentzen, Commissioner



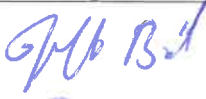



Mariah Low, Secretary and Commissioner



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
JEFF BAEREN		LSSD		
CASEY K. MULLINS		LSSD		
Eric Dumas		City		
John Dix		LSSD		



**Utility Committee Meeting Minutes
November 27, 2018 4:00 pm**

City of Lake Stevens / Lake Stevens Sewer District
1106 Vernon Road, Suite A, Lake Stevens, Washington

1. **Called to Order:** 3:58 p.m. by Commissioner Kevin Kosche and Mayor John Spencer
2. **Roll Call:**
Attendees Representing the District: Commissioners Kevin Kosche, Mariah Low and Dan Lorentzen; Staff: Tonya Christoffersen, Jonathon Dix and Mickie Cooper
Attendees Representing the City of Lake Stevens: Councilmembers Kim Daughtry Gary Petershagen and Rauchel McDaniel, Mayor John Spencer, City Administrator Gene Brazel; Finance Director Barb Stevens, Public Works Director Eric Durpos and City Clerk Kathy Pugh
3. **Action Items:**
 - a. **Approval of Meeting Minutes of October 23, 2018:** Moved by Kim Daughtry, seconded by Mariah Low, to approve the October 23, 2018 meeting minutes. On vote the motion passed.
4. **Public Forum:** No comments.
5. **Discussion Items:**
 - a) **Accelerated Assumption:**
 1. Kevin Kosche said the Sewer District has completed a draft set of "Deal Points" that will be distributed tomorrow at the Sewer Commission meeting for consideration. Responding to John Spencer's question as to why the Deal Points are not being shared today, Kevin Kosche said they are fairly detailed and not finalized, but include topics such as time frame for assumption, job security, finance and management, and cost.
 2. **Financial Comparison between City and Sewer District:** Mickie Cooper and Barbara Stevens presented a PowerPoint and shared their review of how the Sewer District operating costs budget might be integrated into the City budget. Barbara Stevens said they used a high/low approach, and

added they are still researching the benefits and risks of using an accrual vs. cash basis approach.

Discussion ensued and included a request for more information on insurance needs and a brief look at potential savings under an accelerated assumption.

b) Draft Protocols and Standards Document: Gene Brazel said this is a draft document and requested that he be provided with comments prior to the next meeting so that it is ready for discussion.

c) Status of Being a Future Assignee on All Easements: Gene Brazel said the City Planning staff is reviewing plat and projects from 2005 to the present to determine easements for assignment to the City. This will be provided to Tonya Christofferson to make sure the City's list is the same as the Sewer District's list. The assignment language is being included on all new plats and projects.

d) Status of Old Waste Water Treatment Plant: Tonya Christofferson updated that the Sewer District has put its discussion with the Tribes on hold regarding this property, and they are currently working with the County and Department of Ecology to determine what restrictions are in place for the property. Kevin Kosche commented this is being done in the interests of full disclosure.

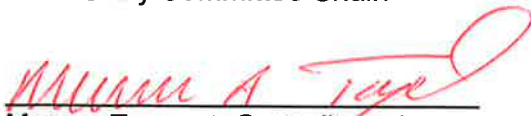
John Spencer said this piece of property will be discussed at tonight's Council meeting and reminded of the requirements regarding surplus property under the 2005 Assumption Agreement.

e) Other Timely Updates in the Spirit of Planning/Transparency: None.

6. **Schedule the Next Meeting** – December 11, 2018 at 4:00 p.m.

7. **Adjourn** – Moved by Kevin Kosche, seconded by Kim Daughtry, to adjourn the meeting at 4:36 p.m. On vote the motion carried unanimously.

2018 Utility Committee Chair:



Marcus Tageant, Councilmember
City of Lake Stevens