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

**MINUTES
 COMMISSIONER MEETING
 June 27, 2019 at 9:00 AM**

Attendees: Commissioners Dan Lorentzen, Mariah Low and Kevin Kosche. District Staff: Tonya Christoffersen, Tara Bighouse, Mickie Cooper and Casey Mullins. District Engineers: Leigh Nelson and Barry Baker, G&O and Robin Nelson, PACE. Legal Counsel: Brad Cattle. City: Councilmember Gary Petershagen and Gene Brazel.

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 Lorentzen moved to approve the Agenda as presented. Commissioner Low seconded the Motion. The Motion passed unanimously.
4. **CONSENT ITEMS** (The Commissioners have previously reviewed these in detail): Commissioner Low moved to approve the Consent Items A through J. Commissioner Lorentzen seconded the Motion. The Motion passed unanimously.

	AMOUNT	CHECK #'s
A. Minutes: June 11 & 13		
B. Lien Placements (0)	NA	
Lien Releases (0)	NA	
C. Investments	\$612,139.19	
Withdrawals	\$26,715.08	
Transfers	\$9,575.30	
D. Payroll	NA	
E. 40 – Maintenance	\$150,848.73	6490-6529 & EFT123
F. 48 – SRF Principle & Interest Payment	NA	
G. 50 – City of Lake Stevens Bond Payment	NA	
H. 58 – Capital Expenditures	\$26,715.08	6530-6534
I. 60 – PWTF Principle & Interest Payment	NA	

- J. Sunset Hills DEA – Leigh Nelson noted the located is on 79th, uphill of Grace Lane. The DEA will be connecting one of the District CIP Projects and will be crediting back GFCs to the project and will be providing a credit back to the developer for the overlay. It is recommended for approval. Commissioner Lorentzen moved to approve Sunset Hills DEA. Commissioner Low seconded the Motion. The Motion passed unanimously
- K. Sunset Hills DEA Construction Plan Approval – Leigh Nelson noted they are recommended for approval and meets District standards. It is recommended for approval. Commissioner Lorentzen moved to approve Sunset Hills DEA. Commissioner Low seconded the Motion. The Motion passed unanimously
- L. Adkin-Strom DEA – not available.
- M. StorQuest DEA – not present.
- N. StorQuest DEA Construction Plan Approval – not present.
- O. Mountain View DEA Construction Plan Approval – Approved with Item P.
- P. Mountain View Lift Station Plans – Robin Nelson explained the plans meet district standards and will have some additional connections available. Leigh Nelson noted it is recommended for approval. Commissioner Lorentzen moved to approve the Mountain View DEA Construction

Plan Approval and Mountain View Lift Station Plans. Commissioner Low seconded the Motion. The Motion passed unanimously.

- Q. Soper Hill Commercial DEA – Leigh Nelson explained this replaces the Soper Hill DEA which is an expired project. This project will take over the sewer pipe that was not yet approved and is for 8 commercial ERUs and it is recommended for approval. Commissioner Lorentzen moved to approve Soper Hill Commercial DEA. Commissioner Low seconded the Motion. The Motion passed unanimously.

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

6. OLD BUSINESS

- A. Regional Lift Station – Robin Nelson reported yesterday the District had the bid opening for the SW Regional Lift. There were three bidders and the apparent low bidder was Strider Construction. The bids exceeded the Engineers estimated by about 50%. He explained at first glance it appears there was a significant different in the cost of materials and some staffing the original engineers estimate was \$2.8 million. He added the area they didn't take into account is complexity and productivity on Machias and the lack of availability. He noted the bids are close together and depending on what they find could be correct, they will be looking at the bids closer in the next week.
- B. Parking Lot Paving Review – Barry Baker noted at the last meeting there were 3 options presented. Also, from the last meeting at the Commission request was to give an option for a drive through. This new option allows the drive through and gives a total of 27 lots. Their recommendation is option 2 without the connect, from a cost standpoint is most beneficial. Barry noted they have done what they can at this point and will stop working further until instruction. It's a very tight window if paving is going to happen this year, a decision is needed today as paving contractors are booked into September is what they are finding. Commissioner Kosche liked the drive through, Commissioner Lorentzen added he agrees and likes the option 2A. Barry added for option 2A it does still have to go through City permitting, not that he is anticipating any issues. Commissioner Lorentzen moved to approve moving forward on option 2A to bring back for approval. Commissioner Low seconded the Motion. The Motion passed unanimously.

7. NEW BUSINESS

- A. Quarterly Financial Review – Mickie Cooper noted this is not just the first quarter, it's through April. She explained the total operating cash is \$2.247 million, \$4.687 million in the debt funds and \$14.8 million in the capital funds. In the restricted fund there are \$14.27 million of which \$8.378 million is with the rate stabilization fund. The total cash balance will go on the May statement due to the debt payments. Mickie stated she is going to do an overview summary and highlight the larger items. Revenue is increasing as the base increases with 76 permits paid since April. Maintenance and Collection: expense in March was higher due to the SCADA software annual fee of \$11,000, it is not spread out over the year. Utilities had both January and February's bills were paid in February for Lift Station 12 which caused February to be higher than normal. Customer Records and Collections: January has a negative number due to an error with Columbia bank and a credit was given back. The February amount has the Masterstouch for both January and February in one month. Conference Travel, Miles and Meals: The April amount of \$4000 is from the "Fly In", in May \$1,300 was received from grant money for Caitlin's expenses and will see that change in May. Legal: for February there was \$4,000 for the CPA, \$4,000 for bargaining and \$3,000 for Libengood. She noted it seems like every other month for expenses.

Comparing January through April of 2018 and 2019: a big change was how the other sewer revenue is received, in 2018 everything went into other sewer revenue and in 2019 she stated to put “other capital revenue” into the capital fund. In 2018 the District closed 4 projects that expired and forfeited their deposits. Salaries: Per the Bargaining agreement the Plant and the Collections teams have step increases and 2% COLA, as the non-represented employees have just COLA. On the cost per ERU report currently for the month of April the total operating cost plus interest and the average monthly principal payment the cost per ERU is \$87.17 with the current year to date cost at \$86.03 per ERU. She noted the summary of the budget and currently expenses are at 28% of the budget with \$346,000 under year to date. Customer records in collections is up due to the envelope purchase. Business taxes and insurance is up and currently at 35%. Advisor expenses is a little over the amount expected for this time of year. Field Maintenance and Collections: The computer software and maintenance is over budget due to the SCATA software. Treatment Plant: The comp time payout is up due to the boiler issue and the vacation payout is up. She noted this only happens once a year and will even out. The Plant is at 27% of their budget year to date. Capital has spent \$400,000 year to date. Mickie explained the waterfall from 2015 through 2018, Through April the number of permits paid were 76 and 172 connections fees paid. As of today, there are 241.08 connection fees paid. She believes the budget will be near \$5.5 million by December; the 2019 beginning budget is \$6.5 million. If the bonds are refinanced soon it will change the waterfall. Looking at the capital summary, the early look in 2020 drops to \$8 million due to the money that will be spent on the Southwest Regional Lift Station this year. Commissioner Kosche summarized with the year exiting at \$3.3 million in operating reserves.

- B. Resolution No. 964: Pre-Treatment Regulations – Caitlin Hubbard explained the current resolution only tackles FOG and this new resolution will include pretreatment with auto repair and dental facilities and to update the FOG reinspection fee as it isn’t covering cost. Commissioner Kosche asked if a letter has been sent to the businesses. Caitlin replied yes at a scaled down version of the FOG letter. There is no yearly fee, but there is a penalty program. She noted the current FOG program has not charged any fees; the letter has worked. Commissioner Lorentzen moved to approve Resolution No. 964: Pre-Treatment Regulations. Commissioner Low seconded the Motion. The Motion passed unanimously.
- C. Resolution No. 965: Adopting a Wastewater Pre-Treatment Compliance Grant Program – Caitlin Hubbard explained since the District is requiring a grease trap etc. This includes the small businesses and has been working with the District attorney on this program. The Business can qualify if they meet the requirements. Tonya added Alderwood Wastewater has reached out and is looking at adopting something similar. Commissioner Lorentzen moved to approve Resolution No. 964: Pre-Treatment Regulations. Commissioner Low seconded the Motion. The Motion passed unanimously.
- D. Resolution No. 966: Approval of Amendment No. 1 of the 2016 Sanitary Sewer Comp Plan – Tonya Christoffersen explained this is from the Comp Plan and will be looking for approval from the City, County, etc. Commissioner Kosche noted the work has been done on the number of homes. Tonya added the City has given input on the RUTA. Commissioner Lorentzen moved to approve Resolution No. 966: Approval of Amendment No. 1 of the 2016 Sanitary Sewer Comp Plan. Commissioner Low seconded the Motion. The Motion passed unanimously.

8. MANAGERS’ REPORTS

- A. General Manager – Tonya Christoffersen noted the Groundbreaking for the North Cove Park is today and the Costco Public neighborhood meeting in July if the Commission wants to attend.

Per the Commission Workshop a truck can be wrapped in time for Aquafest. The new logo has been chosen.

- B. Manager of Collections – Johnathan Dix was not present.
- C. Treatment Plant Update – Casey Mullins reported flows 2.3 MGD; normal for this month. Jeff has digester number 2 completely empty for dewatering the centrifuge. Process inventory is really low with 42 days needed the Plant is in the best position possible. Andritz has the truck on its way, arriving Friday. They are still having issues with boiler number 2; the technician has been there twice, the original vendor has been out as well. They are now looking to other options and have Boiler Bill coming to look at it as well. This could get expensive and beyond their capabilities and will be touch. Commissioner Kosche asked what stats do they give on the status of their work in Texas? Casey explained they don't say much about it and don't give much response on what went wrong with the machinery, etc. He noted it has been a big headache for Jeff.

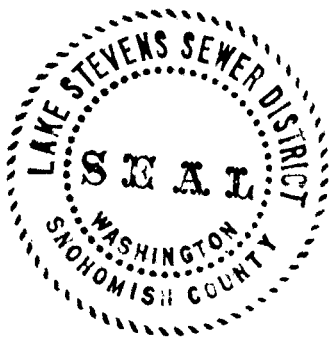
9. CITY REPORT – Gary Petershagen invited the Commission to the groundbreaking at North Cove at \$4 million it's a big accomplishment for the City. Commissioner Lorentzen asked how big the pavilion is, will the City Council meeting happen there, etc. Gary replied it's approximately 5000 sq. ft. and should house meeting with no problem and community events.

10. COMMISSIONERS' REPORT – Commissioner Lorentzen and Commissioner Low thanked staff. Commissioner Low was glad to see the efficiency and reporting to help the Commission make decisions faster. Commissioner Kosche thanked the Treatment plant staff for their report on what's going on and Mickie Cooper for her work on the financials and the waterfall report.

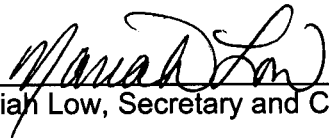
11. EXECUTIVE SESSION – none.

12. CONCLUDE – The Board Meeting was concluded at 9:55 AM.


Signed at a regular open public meeting this 8th day of August 2019



Dan Lorentzen, Commissioner



Mariah Low, Secretary and Commissioner



Kevin Kosche, President and Commissioner