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

**MINUTES
 COMMISSIONER MEETING
 August 8, 2019 at 9:00 AM**

Attendees: Commissioners Dan Lorentzen, Mariah Low and Kevin Kosche. District Staff: Johnathan Dix, Tonya Christoffersen, Tara Bighouse and Casey Mullins. District Engineers: Barry Baker & Leigh Nelson, G&O. Legal Counsel: Brad Cattle. City: 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 Lorentzen moved to approve the Consent Items A through J. Commissioner Low seconded the Motion. The Motion passed unanimously.

	AMOUNT	CHECK #'s
A. Minutes: July 25 & 27		
B. Lien Placements (27)	NA	
Lien Releases (26)	NA	
C. Investments	\$570,400.00	
Withdrawals	\$18,844.30	
Transfers	NA	
D. Payroll	\$184,820.68	
E. 40 – Maintenance	\$59,549.72	6632-6666
F. 48 – SRF Principle & Interest Payment	NA	
G. 50 – City of Lake Stevens Bond Payment	NA	
H. 58 – Capital Expenditures	\$18,844.30	6667-6669
I. 60 – PWTF Principle & Interest Payment	NA	

J. Ebey View 2nd Addendum to DEA – Leigh Nelson noted this is a 1-year time extension with no other changes, it is recommended for approval. Commissioner Lorentzen moved to approve Ebey View 2nd Addendum to DEA. Commissioner Low seconded the Motion. The Motion passed unanimously.

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

Tom Burnethy – 8023 Grace Lane – The main trunk line has been put in on Grace Lane and for himself and his neighbors he has questions, with no correspondence from the District to when they can hook up or the costs. He has been here in Lake Stevens for quite some time and is an advocate for sewer in his area. He would like to get hooked up sooner rather than later and would like to get more information. Tonya Christoffersen replied they have had this discussion and is working on getting customers connected. She is aware of a couple of failing septic tanks and trying to get it done quickly. Johnathan Dix added he will be getting a quote soon; the base fee is \$10,400 and they have to hire a contractor to do the work. The delay is on Sunset Hills development, which isn't complete yet. Tonya added she was at Department of Ecology Nutrient Forum and there are grants customers can apply for to help with connection fees. Tom asked, waiting on the development what is the time frame for connection. Johnathan replied it depends on the builder, they are working on it and want to get it done. Tom commented the timing now is

good with the weather and his understanding from a contractor there is just a cap on the sewer, and it needs to just be uncapped. Leigh Nelson added she has been working with Sunset Hills to get Grace Lane connected, it has sped this up dramatically versus keeping it as a capital project and it does take time. Tom added he had been working with Jim Mitchell and Darwin but was told wait and see. Commissioner Kosche stated let's see if we can separate it, what can be done. Johnathan added this project is a little more difficult due to the connection fee credits and the construction of the Grace Lane Sewer being the responsibility of the developer as identified in the DEA. The District is responsible for the Grace Lane overlay. Commissioner Kosche stated the District will look into it and see if anything can be done. Tonya added she will get in touch with Tom later today with the grant information.

6. OLD BUSINESS

- A. Correction of Check Numbers for Consent Items on the July 25th Agenda – Tonya Christoffersen explained this is a house keeping correction. The wrong check numbers were listed on the consent items incorrectly. The check numbers were input as 6591 to 6632. The checks that were used were 6591 to 6631. Commissioner Lorentzen moved to approve the correction of the check number change from ending in 6632 to 6631. Commissioner Low seconded the Motion. The Motion passed unanimously.
- B. South Lake Regional Lift Station Contract Signing – Johnathan would like approval to have Legal Counsel and the General Manager sign the contract with Strider Construction as it was approved and now ready to be signed. Commissioner Lorentzen moved to approve the General Manager and Legal Counsel to sign the South Lake Regional Lift Station Contract with Strider Construction. Commissioner Low seconded the Motion. The Motion passed unanimously.

7. NEW BUSINESS

- A. Resolution No. 968: Delegation of Authority for DEA Process – Johnathan Dix explained this resolution changes the way the District processes DEA's and would change the process to approve standard DEA's and construction plans that do not deviate from the standard. Commissioner Kosche noted this is one of the line items in tune with the Utility Committee items and streamlines with the City. Brad Cattle noted a term used in item 3 stating Consulting Engineers was recommended by Barry Baker to delete the word Consulting from the resolution, legal agrees with this recommendation and suggests accepting. Commissioner Lorentzen moved to approve Resolution No. 968: Delegation of Authority for DEA Process with the removal of the word Consulting from item 3. Commissioner Low seconded the Motion. The Motion passed unanimously.

8. MANAGERS' REPORTS

- A. General Manager – Tonya Christoffersen noted she and Caitlin attended a class on the changes being implemented in 2021. There will be some severe changes, especially for those District that have two or more plants. They will be going to a two-permit process, to help clean the water ways and replenishing the fish. She spoke to the state auditor he is wrapping up and will be adding 18 billable hours to next year's accountability audit.
- B. Manager of Collections – Johnathan Dix reported 326 GFC's year to date and 170 permits year to date. Brandon and Eric are now CDL certified. He had a preapplication meeting for the parking lot paving project with the City. There will be a revised plan with the city's comments, Barry is working on incorporating the changes. Tonya added Melonie added the asset management position on Indeed and has had well over 20 applicants with much better results; they are hopeful.
- C. Treatment Plant Update – Casey Mullins reported flow just over 2 MGD. Anderitz has scheduled to ship later this month and is hoping to have centrifuge near the beginning of the

September. Jeff reminded Andritz part of the agreement is to have their tech put it back in and make sure it's running before they leave. As of the 3rd 124,000 gallons of digested sludge has been hauled up to Monroe. It is a good asset to replenish the earth and help our community, as well as moral. The rough estimated is about \$0.70 per gallon and they are happy to have this outlet. Commissioner Low thanked Casey for adjusting his schedule.

9. CITY REPORT – Gene Brazel reported the pavilion is under construction. Last night the city awarded the bid for the South Lake Stevens multi use Trail. It also addresses the steep driveways on the east side of the road.

10. COMMISSIONERS' REPORT – Commissioner Lorentzen thanked everyone that was a part of the parade and enjoyed handing out candy to the kids. Commissioner Low got good feedback on the update to the billing statement, it looks less industrial and they liked it. Commissioner Kosche reported at the utility committee a motion was passed on recognizing staff; 2018 WWEP Outstanding Performance Award from the Dept of Ecology, put LSSD in the top third of the state. Recognized savings with the PUD at \$90,918.18, the Wastewater Energy Cohort (WEC) at \$11,471.72 in savings, the Dept. of Commerce at \$45,000, decommissioning of the old treatment plant is at just over \$200,000 down from an original amount of almost \$2 million. Performance Audit, the District has completed all suggestions from extensive performance audit completed in 2012. Following up audit 2016/2017 was by all accounts extremely clean. State audits have been excellent across all areas for both accountability and financial every year. Savings across all departments has the District's starting cash for next year at over \$1 million more than forecasted. The Districts outreach of education in our schools and community being a guest speaker for Rotary and Lions; education classes with Snohomish, Lake Stevens and Arlington schools. Included are the art students and Lake Creates booth with over 1,000 attendees, even with the increased work load the Customer Service/Accounting Teams have same number of employees. Commissioner Kosche noted there was a request to go to mediation at the utility committee meeting. He read his statement "I would like to suggest a pause on going to mediation. There have been thousands of dollars of rate payer money spent thus far, and I struggle to tie those monies spent to rate payer value. Mediation would undoubtedly mean thousands of more rate payer money spent on legal fees. I acknowledge that we have different interpretations of contractual language. In particular Section 4.2 and 7.1 of the Unification agreement. As of today, I am not aware of any "disputes" that we have not resolved by clearly communicating a concern, and collaboratively working together to addresses to concern/dispute, or perceived dispute; Old Treatment Plant, We paused discussions of alternative uses, provided City has right of first refusal, targeting for September and consideration of said transfer is TBD. The permit workflow process, one part was completed today. 16-point Christmas Eve email "2005 Unified Sewer Services and Annexation Agreement Review" all resolved, or actively being addressed. I have asked during the past two UTC meeting if there were any points of concern (other than contractual language), only item mentioned was streamlining work permitting workflow, which continues between the staffs. DEA's included as part of the agenda. District has included DEA list last meeting, and this meeting. Unification agreement calls for one meeting per quarter (four meetings a year). The City has requested more. District has accommodated that request and has assembled the Utility Committee meeting multiple times in Q1, Q2 and Q3, of 2019. We have a Sewer District that is delivering well on its core mission, we have a Sewer District that has been responsive in promptly address concerns / "disputes" the City has communicated, and we have a District that sees little value in spending further Rate Payer money to clarify contractual terms which have no direct, material value to rate payers, nor material impact on how this UTC Committee functions, and finally to put off mediation is to avoid, at least for the time being, having to have the attorneys spend preparation time (and money) getting involved with

records, emails, electronic data (on any devices that may have been used for City or District business), all of which on both sides may be benign but will be expensive to review. Commissioner Kosche read the email sent between the attorneys as of 10:58 PM yesterday. He is disappointed the city wants to go to mediation and has spent already \$13,000 which will cost approximately \$2000 per hours in addition. Please have Kinnon confirm, does having clarity on Article 10 provide any benefit to mediation and has he reviewed emails confirming he agreed to a mediator. However, scheduling may be difficult due to vacation they will be taking. Let's calendar the next meeting for October and not to hold up the discussion. One, will get an answer on mediation and provide alternative mediators if needed . Commissioner Kosche stated he believes transparency provides great clarity; therefore, the City should expect a public records request for emails limited to utility committee members from the time the District said no to early unification through now. Anticipate a request for 5 accounts, Marcus's gmail and Task Properties email and the three city accounts for John Spencer, Marcus Tageant and Gary Petershagen. We won't delay longer than the time it takes to get these emails.

11. EXECUTIVE SESSION – The Commissioners will now recess into Executive Session at 9:45 AM and excused the general public; it is estimated that executive session will last up to 30 minutes. The purpose of the Executive Session, under RCW 42.30.110.i, is for contract negotiations, discussion of which in public may disadvantage the District. 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.

12. CONCLUDE – The Board Meeting was concluded at 10:15 AM.

Signed at a regular open public meeting this 26th day of September 2019





Dan Lorentzen, Commissioner



Mariah Low, Secretary and Commissioner



Kevin Kosche, President and Commissioner