



1106 Vernon Road, Suite A  
Lake Stevens, WA 98258  
(425) 334-8588 Fax (425) 335-5947  
Website: [www.lkstevenssewer.org](http://www.lkstevenssewer.org)

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

**MINUTES OF SPECIAL  
COMMISSIONER MEETING ON  
April 23, 2019 at 4:00 PM**

**Location: Lake Stevens Sewer District Office  
1106 Vernon Rd Suite A, Lake Stevens WA 98258**

**Attendees:** Commissioners Dan Lorentzen, Mariah Low and Kevin Kosche. District Staff: Tonya Christoffersen, Jonathan Dix, Tara Bighouse and Mickie Cooper.

**1. CALL TO ORDER** – Commissioner Kosche called the meeting to order at 4:03 PM and announced they are moving into executive session

**2. COMMISSIONER WORKSHOP AGENDA ITEMS:**

A. Bonds Discussion – Tonya Christoffersen stated she and Dave Trageser had a discussion on the possible options for the District bonds and potential refinancing. Dave recapped the last time he was here and explained, to refinance it would need to be at 5% or more savings. The market has changed in favor for the District over the last couple years. Bond America Mutual, one of the only companies left, is also providing debt insurance as a substitute for the bond reserves. The surety cost is only approximately \$48,000 and the bonds would be rated AA. He explained the process of the Bonds and there is a requirement of savings in order to move forward. The next step is to bring back a debt bond resolution. If the District is able to qualify, they think the savings would equal approx. \$1-2 million and upwards of \$10 million over the life of the bonds. Dave also explained they will get bids for both with and without assurance to see if there is a savings and difference, a decision can be made closer to the Bid decision. He also explained there is a requirement to use underwriters council and is recommending to use Foster Pepper this time; they are cost effective and the costs are built in. Because of reaching the debt limit with the government they have closed the window, so now they are required to get a bidding agent for this part of the process. He is also working with bond council on refinance all the 2010 bonds for approx. \$27 million and after its complete the bonds would be approx. \$23 million. Dave explained these numbers are just estimates as it takes a few months once decisions are made to complete the process. Mickie Cooper asked if we went to S&P to get rerated would the District need the insurance. He stated if the rating were higher no it would not be needed. He added it would need to be taken back to S&P anyhow before going out to the bond market, the District has to have a current rating. Commissioner Kosche asked thoughts on using the funds and changing the term of the loan, etc. from the Commission. Commissioner Lorentzen stated the point is to save money and to help the rate payer, if the market is in the Districts favor let's take advantage of it; paying down debt and possibly amortize it out. Commissioner Kosche asked if the new bonds could be paid down faster. Dave explained the new bonds will have a new recall date and they cannot be paid down until that point. Mickie stated the GFOA recommends a fund balance of no less than 2 months of operating revenues or operating expenditures. She and Tonya discussed and agreed they would prefer to have 6 months of the previous year's expenses as the minimum reserve requirement. Currently the District Rate Stabilization fund has \$8.37 million and fund 40

currently has \$1.028 million. Half of the 2018 expenses equals \$2.775 million, so out of the \$8.37 million we would move \$1.746 million into Fund 40 along with the existing \$1.028 million as the minimum reserve amount, with the remainder \$2.632 million to CIP leaving the remaining \$4 million to pay down the bonds. Commissioner Kosche noted the cost is approximately 1.3%.

- B. County Park/Leachate Concerns – Tonya explained it's an old dump site, the county currently owns the land. The City has expressed they would like to hook this site to sewer. Snohomish County currently hauls 3 times a day which would equal out to 7,400 gallons of leachate a day and it is taken to Cathcart to get filtered then it's hauled to Everett to get disposed of. Commissioner Kosche would like to know the full cost of hauling and if it would be less expensive for the District to treat or for the City to construct a pretreatment plant onsite. Jeff replied he likes to put the burden on the City for the cost. Commissioner Kosche noted yes, including it in. Johnathan Dix compared the hazardous analysis figures on priority pollutants and the discharge to the NPDES permit limits. Johnathan passed out the chemical constituent's test results from the hazardous analysis and the NPDES permit limits. The highlighted items are the items over the District discharge limit, some of the items are hazardous and could cause the District to lose its land application permit for biosolids. Commissioner Low asked Jeff what kind of upgrade or requirement would the District have to do at the treatment plant to make it ok. Jeff replied he would have to go to G&O and do some research. With the old plant it may have been easier with the lagoon system but the current MBR (Membrane Bio-Reactor) plant is much more complicated. Johnathan added some research he did showed MBR rejection rate on some of the constituent chemicals is high, but the chemicals will be constituent in the biosolids, essentially it would need to go to batch treating. Jeff added looking at how the District plant is set up and with the current permitting it would need to be researched elsewhere. Discussion ensued about the decant facility. Tonya noted her concern is the City is going to be hooking up the decant facility to the sewer and the District has yet to be involved in the conversation; there will be a need for discussion and is currently looking for more information. Commissioner Kosche recapped with it's a lot of bad sewage going in and it's going to be expensive to process. Commissioner Lorentzen noted it might be beneficial to go to the county and get the information regarding the leachate. Commissioner Low noted the District needs to ask what is being done to it and what do we need to do to be able to treat it. Johnathan added the leachate reported noted it's pretreated and it was still difficult to get out the hazardous chemicals. Commissioner Kosche would like to make sure we look at our industrial waste policies and make sure that they address similar situations to make sure we are above board.
- C. Regional Lift Station for 20<sup>th</sup> Street SE – Tonya noted this is the Lift Station for Costco. She added there has been no updates, they are not at fifty percent yet. Commissioner Lorentzen added they will need to go through the Army Corps of Engineers as well. Tonya noted Lowes is also looking at Soper Hill again.

Johnathan Dix noted the cost for the pipe under SR9 is currently approximately \$604,000. His recommendation is making it a District project to make it cleaner. This cost is assumed as if it has to be bored under SR9, with the right of way boring. This is where the increased cost comes from. Johnathan showed the location on the map.

- D. DEA Process – Tonya Christoffersen explained they did a comparison of the neighboring Districts on their process of approval for DEA's. Johnathan explained there are some differences in the interpretation of the law and most Districts have Late Comer or District Participation as a

completely separate agreement. Johnathan noted a few of the Districts do not record the DEA's and will require a new buyer to apply for a new DEA if purchased. There is still some lien language in the document but with no recording against the property he isn't sure how it's possible to lien the property. Johnathan noted the average cost for having legal counsel review is approximately \$125. He noted there was an incidence where Brad Cattle caught a potential issue but it is often when a potential issue is caught. The legal review fee is passed on to developer, but it does add some time to the approval. Commissioner Kosche added it would most likely be a time savings to keep legal counsel to review and have the General Manager approve them and not wait additionally for the Board Meetings but to still come back to the Board Meetings with updates on what is being approved. Johnathan added he believes there has been a change to the way a final plat is being done making it appear the District is holding up the process a bit from the developers stand point. Johnathan will get a resolution to update the changes and bring it back to a board meeting.

- E. Decant Facility Discussion – Johnathan noted he reached out to the City asked about what a partnership might look like for the Decant facility and didn't get a response until at the last board meeting. He received an email from Eric Durpos asking for a meeting to discuss. He added there is a lot of engineering information needed on the potential amount of flow.
- F. Branding – Tonya Christoffersen noted they met with Goldstreet about possibly changing the District name. The suggestion was made to not change the name since people know what sewer is. She wants to make sure the Commission is good with making changes to the logo. She has been making more positive posts on Facebook and the positive information the District is doing out there with the School, etc. Commissioner Kosche added to make it more holistic; adding direct value and positioning it as a positive would be beneficial. Johnathan added a logo change also refers to a change in philosophy and a branding change may alleviate some of the negative connotations with the District. Commissioner Lorentzen commented with the potential bond savings and rebranding to take advantage of the change and a facelift.
- G. Open Discussion – Johnathan Dix updated the Commission on upcoming projects. Lift Station 1 decommissioning projects will include gravity connection to existing pipe on the south side. G&O should have site surveyed in the next two weeks then the right of way acquisition will be next. His guess is this may be not complete construction until next spring. The Parking Lot will be having a Geotech study done in two weeks. The study will allow G&O to finish the feasibility portion of the design and will provide a few options within the next month. His hope is to get it done this year depending on the option chosen. The Regional Lift station has received comments back from the City. They wanted two more sets of plans and is hesitant to go out to bid before the comments comeback. Commissioner Lorentzen asked how it is working with PACE. Johnathan replied it has been ok in some parts and difficult in some parts that should have been easy; we will see. He asked Rodney to keep a little extra money in the CIP just in case; the Pay Estimated seemed a little low. He received six chapters of the Comp Plan today from Rodney to review. He asked Rodney to separate the scope of some of the work due to the CIP financial aspect being unsustainable. After the Regional Lift Station is complete the next project will be turning Lift Station 2 into a Regional Lift Station.

**3. EXECUTIVE SESSION – None.**

**4. CONCLUDE – Commissioner Kosche concluded the meeting at 5:45 PM with no action taken.**

Signed in a regular open public meeting this 9<sup>th</sup> day of May 2019



\_\_\_\_\_  
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