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

**MINUTES
OF SPECIAL MEETING
BOARD OF COMMISSIONERS**

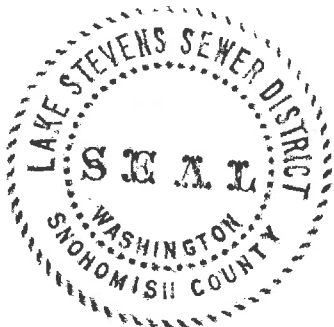
**May 21, 2019
Utility Committee**

Attendees: Commissioners Dan Lorentzen, Mariah Low and Kevin Kosche; Staff: Johnathan Dix and Tara Bighouse. Rodney Langer, CHS and Chris Gonzalez, FCS

Guests from the City of Lake Stevens: Mayor John Spencer, Councilmembers Gary Petershagen and Marcus Tageant. Gene Brazel and Kathy Pugh.

1. **Called to Order** at 3:00 pm by Commissioner Kosche. He moved into the meeting agenda item "Utility Committee Meeting".
2. **Utility Committee Meeting** – The Committee discussed mutual projects and planning for the Lake Stevens UGA and study areas.
3. **Conclude** – There being no further business, the Special Meeting was concluded at 4:19 pm

Signed at a regular open public meeting this 13th day of June 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
Paul Knight	Paul Knight			LSSD
Mary Dickinson	Mary Dickinson			



**Utility Committee Meeting Minutes
May 21, 2019 3:00 pm**

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

1. **Called to Order:** 3:00 PM by Commissioner Kevin Kosche
2. **Roll Call:**

Attendees Representing the District: Commissioners Mariah Low and Kevin Kosche; Staff: Johnathan Dix and Tara Bighouse. Rodney Langer, CHS and Chris Gonzalez, FCS

Attendees Representing the City of Lake Stevens: Mayor John Spencer, Councilmembers Gary Petershagen and Marcus Tageant. Gene Brazel and Kathy Pugh.
3. **Action Items:** Gary moved to excuse those absent. Marcus Tageant seconded the Motion. The Motion passed.
 - a. **Approval of Meeting Minutes of March 26, 2019** – Gary Petershagen noted a correction on the minutes, item B should read ‘downtown park’ not downtown plan. Marcus Tageant moved to approve the March 26, 2019 Minutes with the change as noted. Mariah Low seconded the motion. The Motion passed unanimously.
4. **Public Forum:**
5. **Information Sharing – New Legal Counsel:**
 - a. **County Landfill: Potential Park** – Gary Petershagen noted they toured the site and are more optimistic. There is some water runoff, he asked if there is a possibility to hook up to sewer. Kevin Kosche reported on the study they read that was done in 2013. There was a lot of metals and with three trucks a day to dump it’s a lot. Johnathan added the county does take water samples when they truck out the water, however he has not been able to get the lab information from the county. He listed the metals found in the water, noting the concentrations of the pollutants would exceed the District NDSPE permit limits as well as risk the land application permit for the biosolids. John Spencer stated they would have to continue to truck it. Gary added there are a number of hurdles to overcome. John Spencer commented it’s a long-term goal.
6. **Project Review:**
 - a. **Comprehensive Sewer Plan Update** – Rodney Langer, CHS Engineers stated the objective is to review growth forecasts, remaining buildable lands and CIP timing to determine if CIP and GFC adjustments are warranted for the planning period in the 2016 SSCP. He noted the City completed its own buildable land survey and there is a little more buildable land in the UGA. He looked at the City’s land use changes and what the City anticipates happening. What was found there were almost no change and what is the impact to the lift stations and pipe. It didn’t warrant any magnitude of changes in pipes etc. John Spencer noted they are still assessing their buildable lands report as there were a number of errors. They are currently looking for infill lots. The remaining infill is discounted to 33%, is that a significant percentage. He explained what they are working on a sensitivity test on the different percentages they could discount with. Rodney explained the variables are hard to chase especially with regards to commercial. They looked at the CIP plan and the capital facility charge and have added a few new projects to the list. They increased all the dollars to current 2019 dollars. He noted there are a number of projects that are to be developer funded as well that are not in the calculations. Gary asked how much the flow is INI. Johnathan replied 1100 acres per hour per day. Johnathan replied they are working on the

I&I problem. Kevin Kosche noted they are working on possible solutions that could allow the rerating of the plant in addition to the I&I. Johnathan added they added some money to the comprehensive plan to have an engineering firm look into solutions that will be the minimum amount of effort necessary to potentially rerate the plant. Johnathan added this summer they will be smoke testing also. Rodney continued the plan minus the financial chapter, it has been shared with Gene and Russ.

Chris Gonzalez reported the revenue analysis. They used 175 ERUs per year forecast and debt repayment. The district is considering refinancing debt and possibly using some of the rate stabilization fund to help pay that debt down, a use of one-time funds. Marcus asked if it as PWTF dollars, Johnathan replied its the BABS bonds. The 2019 projections are approximately \$500,000 less than the budget. New debt service is zero until 2025 and are looking to fund the Capital Plan for the treatment plant upgrade. Which would increase debt service by approximately \$3 million. This would mean a \$4 increase per month each year, to avoid increasing rates a significant amount all at once. Kevin noted the District is making sure there is a significant reserve and not yield on this philosophy. This financial model does not reflect any increases amount, only current approved rates. Kevin added this is conservative at being within 2% and 180 days.

Marcus Tageant asked how will these rates compare to neighboring cities? Kevin replied it's in the realm of reason, on the upper end, mainly due to the District's disproportionate amount of lift stations making the infrastructure expensive. Chris noted the topography is a big factor as well. Gary asked if the commercial rate structure has been implemented. Johnathan replied it has not, they would be sure to put out a notice for input beforehand and it would increase commercial cost. John Spencer asked about the affordability subject, it works well when talking about a vast population from one extreme to the next, Lake Stevens isn't in that profile. Affordability does need to stay at 1 or 1.5% and is not offset by the larger wage earners. Chris replied; this didn't have any impact to the rate structure. Discussion ensued regarding the possible ways to define affordability.

Chris Gonzalez explained the process for charging GFC's. All donated assets are removed, a provision of retired assets. The exercise is to only charge for assets one time and lastly the comp plan update. This brings the maximum GFC to \$12,735. Rodney noted the GFC is based on what is in the Comprehensive plan. This number is based on the number of ERUs the Comp Plan assumes not what the District uses for financials.

Rodney explained they are in the DNS and SEPA process. There have not been any comments to date. He will be getting the draft comp plan out to the District and City. At the Board meeting this Thursday there will be a public hearing and the earliest the board can approve is the first meeting in June. John Spencer noted links that need to be figured out are the buildable lands. The City is very interested in the UGA expanding to the north and south. Rodney noted there is no formal commentary to serve those areas. Kevin noted the buildable land can be adjusted pretty far before it would have a significant impact on the underlying assumptions of the Amendment. Kevin would prefer to adjust when and or if it comes up. John would rather have something noted in anticipation of this expansion of the UGA. Marcus noted in order to make a case to expand to the RUTA it must show they are working on expanding. John commented he would like to not run into the problem that your sewer district cannot serve those areas so you cannot expand. Kevin isn't sure how to work in the verbiage but can work on it. Johnathan noted that a few years back G&O had completed a RUTA needs analysis that identified projects needed and rough order of magnitude costs if RUTA were to expand. He stated that he will provide and with approval,

can include that in the Amendment. Mariah asked if it is in the City's comp plan as her understanding is, they need to move in the same direction. Rodney added its just commentary and there isn't a problem adding commentary. John added the public messaging on rates should be addressed and would be helpful.

- b. **Capital Projects: Costco Development/Downtown Plan** – Gene Brazel reported they are submitting permits and have already submitted Corp of Engineers. There were comments from the tribes, and they did meet today. John Spencer reported they did a walking visit and are all in agreeance that one of the wetlands does feed to it and the other does not. They have asked to look at mitigation approaches and came away fairly optimistic. Gene added they are still working on the agreement on who pays for what and will meet with the City's attorney then meet back up with Costco. Gene added the sewer portion has not changed. Costco has to do an analysis.

Gene explained the downtown development has went out to bid and hope to find out the results next week. The concrete work is underway, then they will be able to put down the sod. A few of the Williams houses were condemned and will be taken down soon. The remaining buildings will go through the process of being removed. John Spencer added the children's playground will be going in as well.

- c. **Decant Facility Update** – Gene Brazel reported today was the closing of the property of the proposed future Decant Facility site and will be finalizing the design since this part is complete. The City received a call from WSDOT and will be doing their groundbreaking on June 3rd for the SR9/Hwy 204. Johnathan noted they split the project into three phases; SR9 and 4th Street NE, 4th Street NE to Market on SR, and the larger construction of SR9 and SR204.

John Spencer noted bids on South Lake Stevens Road are out. Johnathan met with Eric as well as Aaron Halverson and discussed having a pre-construction conference once the District has awarded the Regional Lift Station project, to get the contractors together to avoid closing the road twice.

John Spencer reported the attorneys have talked and the City attorney gave a good report, they want to talk more. Gene added one note for the District attorney is on the protocols and he believes everyone is doing what the protocols state. Kevin noted the protocols reflect on the agenda and they are being reflected and going straight from the contract. His view is they would be procedure in nature and at staff level if something escalates then it comes to the utility committee level to direct to staff. John commented if there is oversight then solutions need to happen sooner rather than later and advice from the attorneys on where to go. Kevin would encourage everyone to escalate early and often to avoid larger conflict.

- 7. **Schedule the Next Meeting** – The next meeting is scheduled for August 27th at 4:00. John Spencer preferred to meet in June and if the attorneys aren't ready then in July. The committee agreed to June 25th meeting at 4:00 pm.
- 8. **Adjourn** – Marcus Tageant moved to conclude the meeting. Gary Petershagen seconded the Motion. Kevin Kosche adjourned the meeting at 4:19pm.

2019 Utility Committee Chair:



Kevin Kosche, Commissioner
Lake Stevens Sewer District