



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

**MINUTES OF SPECIAL
COMMISSIONER MEETING ON
November 12, 2019 at 11:00 AM**

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

Attendees: Commissioners Mariah Low and Kevin Kosche; General Manager Tonya Christoffersen, Johnathan Dix, Tara Bighouse, Mickie Cooper, Michelle Bauman, Jeff Baisch, Caitlin Hubbard and Casey Mullins.

1. **CALL TO ORDER** – Commissioner Kosche called the meeting to order at 11:00 AM.
2. **PUBLIC FORUM** – None
3. **COMMISSIONER WORKSHOP AGENDA ITEMS:**

A. Budget Discussion – Tonya Christoffersen noted all departments have given input, she asked Mickie to include the Fit Tool page for the District. One of the items that came up at WASWD is the number of Districts that have not filed, and SAO is helping these smaller District to file.

Mickie Cooper showed a graph the District revenue is currently more than its expenditures. She noted the yearly comparison of historical budget to actual, the cost per ERU from 2014 through 2018. Schedule 1: She noted the District has not used any of the Rate Stabilization fund since 2015, the cash balance has remained mostly the same and the utility revenue has been increasing. The operating revenues have increased in the 2020 budget over 2019. Capital cash flows will leave an approximate balance of \$8,133,570 in the Capital Reserves for 2020. Schedule 2: The District is looking at 13,600 ERUs, Mickie debated taking the delinquency out but left the \$100,000 in for now, with a total projected working revenue of \$14,095,950 for 2020. Schedule 3: Mickie noted the District is now on the downhill side of the debt, it will continue to get lower. Commission Low asked when do the three treatment plant PWWF Loans the City has fall off. Mickie replied she is unsure back can get that information. Schedule 4 – M&O: Mickie noted this has been gone over extensively since some items will be going up and some will be going down. Admin: She noted one of the big increases is the computer maintenance expense, its due to going with the county IT services and every 4 years all the computers will be replaced. Mickie noted the PERS and Medical expense are backwards on the spreadsheet. Taxes and Insurance: Property taxes and Fire District fee have increased, and property insurance is increasing due to cyber security being added. Tonya noted earthquake and cyber security she increased the coverage. Mickie noted over all expenses are down 3%. Advisors: The state will do an audit for financial and accountability in 2020 increasing the cost \$12,000. Legal has gone up, including bargaining and mediation. Outside help has gone up, including non rep salary survey and code publishing. Operations: Mickie noted line item 49 is new to track I&I. Johnathan explained if we can show the Department of Ecology the District is spending money on I&I; as well as a time sheet task for the crew to track their time spent on I&I, it will help satisfy the Department of Ecology and save money. Commissioner Low asked

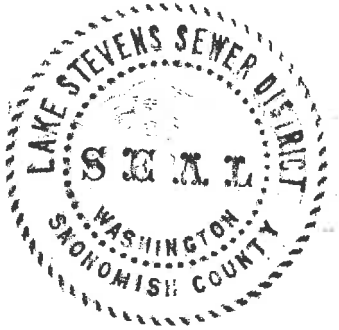
why line 50 has gone down. Johnathan explained the District used to outsource fixing manholes and now has the ability to do it inhouse. Treatment Plant: Mickie noted all the utilities were increased by 4%. It also includes a plant manager and operator for 9 months. She noted medical and PERS are flipped on this one as well. She noted the City operating fee is still at \$15,000 for the year. The overall budget is an increase of just under 9%. Tonya noted she asked Gene Matt to do the new salary survey this time. Schedule 5 – Capital: She noted the 2019 comp plan project money has not been spent yet so they will be brought over to 2020. The capital projects that were added in 2020 include the vactor-decant facility, Lift Station 1C, 4C and 6C rehabs, WWTF Engineering report, SR9 Gravity crossing and 20th St NE & Bus Loop road gravity. Johnathan explained some of the GIS management money has been spent to get Angeline set up. Mickie noted the mixing study, admin vehicles and biofilter media replacement are complete. The rest are partially completed. The total capital for 2020 is \$3.852 million. The Forecast: Mickie noted a few items fixed in the midyear budget items. She feels confident the operating reserve will come in over \$3 million. She went over both options with and without the BABS refinance. Jeff Baisch asked if the City is going to add a tax. Tonya explained they pulled it the last she heard. Mickie showed the change if a payment plan on the membranes is possible. It evens out the cost and it's a new technology on the membranes gives longer usage. Jeff noted seeing where Ecology is going to will help know where we need to go in the future. Rental income did not go past 2020 since more space is needed. Tonya noted the contract goes through 2021. Mickie noted they trailed off the ERUs over the forecast drastically in 2025, based on the DEAs the District has, the Comp plan and the buildable lands. Mickie noted she has included a 2.8% increase for the non-salary expenses. In 2020 there is a change in potential retiring employees. Mickie explained the draft budget with the BAB bonds refinance: The debt payment goes down from \$8.674 to \$7.974 million. The forecast Mickie explained with the refinanced bonds there will be no BABS credit and its approximately \$100,000 less in the debt payment. Mickie updated the budget with the updated numbers, she noted it may still change when the refinance goes through. Discussion ensued on the BABs refinance. Mickie noted she will update the budget if the bonds are all signed before the next meeting.

- B. Continue DEA Policy Revision Discussion – Johnathan Dix noted this is to continue discussion regarding 2BR. Chances are good they will turn in an extension; they will lose the vested GFC rate and increase to the current GFC rate. They are requesting we extend the term 6 months but keep their current GFC rate. Johnathan noted GFC's with other Districts go up for everyone if the cost goes up, there is no vesting of GFC's. His recommendation is having the developer pay a plan review fee; to be set on current trend, which is vest for 5 years and put off the DEA until they are ready to put the shovel in the ground. In his opinion when vesting GFC's they are tying up capacity at the current rate, paying for an old system, not the current system. Mickie explained with the vesting the District lost a total of approximately \$541,468.70. Johnathan explained vesting the construction plans is not an issue nor the DEA, just the connection fee. We would change from 3 years to 12 months of vesting. Tonya noted the 12-month time frame is in line with other Districts. Johnathan explained the District policy for 30 days testing puts them over the time limit of the DEA for 2 BR, which is why they want the 6-month extension.

4. EXECUTIVE SESSION – None.

5. CONCLUDE – Commissioner Kosche concluded the meeting at 12:29 AM with no action taken.

Signed in a regular open public meeting this 25th day of November 2019





Dan Lorentzen, Commissioner



Mariah Low, Secretary and Commissioner



Kevin Kosche, President and Commissioner

