LAKE STEVENS SEWER DISTRICT
Serving You Since 1957

1106 Vernon Road · Suite A,
Lake Stevens, WA 98258
(425) 334-8588 · Fax (425) 335-5947
Web Address: lkstevenssewer.org

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

SPECIAL MEETING MINUTES OF BOARD OF COMMISSIONERS

February 25, 2020
Utility Committee

1. **Called to Order:** 4:00 PM by Commissioner Mariah Low and moved the meeting into utility committee meeting handing

2. **Roll Call:**
   Attendees Representing the District: Commissioners Dan Lorentzen, Mariah Low and Kevin Kosche; Staff: Tonya Christoffersen, Johnathan Dix and Tara Bighouse.

   Attendees Representing the City of Lake Stevens: Councilmember Gary Petershagen, Mayor Brett Gailey and City Staff: Gene Brazel and Kathy Pugh. Gary Petershagen excused Marcus Tageant from the meeting.

3. **Action Items**:
   a. **Approval of Meeting Minutes of October 22, 2019** – Commissioner Low moved to approve the October 22, 2019 minutes. Commissioner Kosche seconded the motion. The Motion passed unanimously.

4. **Public Forum:**
5. **Information Sharing:**
   a. **Costco Update** – Gene Brazel reported they hope to start later this summer with clearing the road and are working on the culvert on the east side of highway 9. The City has entered into an ILA with the City of Everett for the 48 inch water mains that run parallel to 20th Street SE, there will be some cost sharing and will be bid separately from the Costco contract with Everett having a voice in who the contractor is. Johnathan Dix reported the District will be extending the sewer line under Hwy 9 with the City taking on a portion of that up to the fish culvert and after that will be WSDOT through their right of way. The design has been submitted to the City and WSDOT. The District is trying to take advantage of using the current project manager with WSDOT before her promotion, who has been very responsive. Gene explained Costco has submitted their entire packet and explained the technical team meets on a regular basis to make sure everything is covered. The City is looking into hiring a contract employee to be onsite through the entire process with all the dimensions.

   b. **Civic Complex Discussion** – Brett Gailey stated one of his projects as Mayor is to create a Civic complex along with SnoIsle and the District. It will allow moving City Hall up to Chapel Hill and finding a home for SnoIsle. There was an agreement that they would come together to find their needs for space, etc., then the request will be sent out for proposal and leave it open for options to help reduce costs and help everyone whether its retail space or something else. He noted one benefit is bringing in companies that do this kind

of project. The plan is to get the request for proposal (RFP) out by April and hopefully get it into the budget cycle for next year. He knows it's aggressive but moving things along is important. Tonya added for the District it would be just the Admin office. Commissioner Kosche added one common space helps economize and bring people together. He would like to be transparent to know where the District can contribute from an OpEx standpoint. Brett added once they get the RFP's back it will either workout or not. He spoke to one developer who stated from ground zero it's about $24 per square foot in rent. Mickie asked if this is a public private partnership. Brett replied yes. There is some pushback from the library but for him the City is moving forward. Tonya added she has asked to delay the press release until a firm decision is made, which the Commissioners agreed. Gene noted the RFP's are going to be public and didn't want to cause confusion.

c. **District-hosted CIP Workshop** – Johnathan Dix noted the primary focus is on the Capital budget, planning process and planning schedule. He showed the Districts Capital Reserve, ending the year with approximately $10 million and for 2020 the projected year ending is approximately $8 million. The improvement planning process looked at by both the City and District during the cooperative planning, Capital improvement project (CIP) timing along with other items. The Districts 2019 CIP investment total cost for the year is $5.4 million, including former WWTP lagoon decommissioning, Lift Station 1 decommissioning, Lift Station 7 force main/South Lake Stevens Regional Lift Station and the asset management software and implementor, which Johnathan explained in detail. Discussion ensued regarding Lift Station 1. Gary noted with the City owning the property adjacent to this lift station would possibly be beneficial to their property, so don't give up the easement. Brett Gailey added their land is currently ear marked for a dog park. The 2020 CIP projects have a current estimated cost of $4.4 million, which include Lift Station 1C rehabilitation, decant facility, WWTP Engineering report, Lift Station 4C and 6C rehabilitation, Grace Lane sewer extension, SR9 Pipe crossing at 24th St SE and Vernon Business Center Improvements; Johnathan explained in detail. Gary Petershagen asked if the Lift Station 1C project will help eliminate the smell. Johnathan replied the 2021 upgrade will help with the smell. Discussion ensued regarding the work needed downtown to help with Lift Station 1C issues for decommissioning. Commissioner Kosche added for the decant facility from his perspective and OpEx is to have one party run the decant facility and his preference is that the City run it. The 2021 projects that are currently estimated are downtown with Lift Station 2C upgrade, 2C forcemain, Lift Station 1C rehabilitation, Comprehensive Plan update, Main Street at 18th pipe replacement with an estimated cost of $5 million. Johnathan explained each item in detail. Gary asked if these upgrades downtown will extend flow out to the Hartford Industrial area. Johnathan replied in order to service anything to the east it would be very deep and expensive. They did find a limited work around for one part. Gene asked to sit down with Johnathan and Eric to go over the Hartford Industrial area to look for more possible work arounds. Commissioner Low asked if this gives enough information. Gary added it's a matter of dialog. Commissioner Low offered; would it help to go over this each year. Gary replied since the Comp plan is coming up, no.

6. **Utility Agreement:**

   a. **Mediation Discussion** – Commissioner Kosche would like to rotate to the action items. He listed the ten items, Capital plan giving an overview with more information and how and when does the City want information. He asked is there anything else the City would like on the CIP. Gary noted the dollar amount of $500,000 that is called out in the Unification Agreement they don't agree on and the City felt it should be lower. Commissioner Kosche doesn't disagree with having a discussion on the topic. Commissioner Lorentzen added to get as close as we can and work on those sooner rather than later. Commissioner Kosche recapped what the CIP states with coming together with big items/changes. He added the District will come back with a summary of the discussed action items. The second item is labor contracts that extend beyond the unification timeline coming before the Utility Committee. Third, key financial performance indicators. He noted the potential to have both entities share financials with the key pieces, for example the reserves dipping below a specific amount then discussion happens. Gary recommended letting the financial staff bring that forward on March 24th. Fourth, one-stop-shop. Helping with space needs and giving a one stop shop. Gary suggests back burner this for a bit. Gene noted it might be quite crowded with 14 in the planning crew upstairs at the District for example. Five, engineering services with inhouse capability and would it make sense. Commissioner Kosche noted the District pulled together costs and there might be some ability. He is thinking this needs more dialog and see what each are thinking, pushing it back to staff to identify more in-depth engineering cost analysis. Six, former Wastewater Treatment Plant on the City taking it over or surplusing. Gary replied the City has agreed to make a decision soon, they have a retreat coming next week and this item will be discussed at that time. Gene doesn't need to know what can be done with the land; his concern is what is there; the environmental report. Seven, executive management staff and changes in the organization structure. Commissioner Kosche believes once it gets within the three-year window of when the District merges with the City, he would like the City to have a voice as they will be taking that person. Gary noted this is where they disagree on the interpretation of article 7. Commissioner Kosche stated we need to agree on what goes into the document that's put together and when it works well then, we'll discuss cleaning up the language on section 7 of the unification agreement. The first step is to try to align on what it is. We want to clarify what works best for both and how to be more efficient. Eight, utility extension and capacity beyond the scope outside the UGA; all agreed no issues there. Nine, incremental debt financing that extends beyond 2033 brought before the committee and needs to have a dialog. Commissioner Kosche doesn't foresee anything coming. Gary would like this to be adopted as plan. Ten, surplus property and first right of refusal, both parties have the first right of refusal. Commissioner Low suggested this can be done at the staff level. Commissioner Kosche suggested putting it all together in a document by the next meeting.

   The District handed out its current development list for informational purposes.

7. **Project Review:**

8. **Schedule the Next Meeting** – The next proposed meeting date is March 24, 2020 at 1PM.

9. **Adjourn** – Commissioner Low adjourned the meeting at 5:52 pm.

Signed at a regular open public meeting this 12th day of March 2020

LAKE STEVENS SEWER DISTRICT
SEAL
WASHINGTON
SNOHOMISH COUNTY

Dan Lorentzen, Commissioner

Mariah Low, President and Commissioner

Kevin Kosche, Secretary and Commissioner