



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

**MINUTES OF  
COMMISSIONER MEETING  
August 13, 2020 at 9:00 AM**

**Attendees:** By Remote Participation via GoToMeeting.com Commissioners Mariah Low, Dan Lorentzen and Kevin Kosche. District Staff: Tonya Christoffersen, Johnathan Dix, Tara Bighouse, Mickie Cooper and Casey Mullins. District Engineers: Barry Baker and Leigh Nelson, G&O. Legal Counsel: Brad Cattle. City Administrator Gene Brazel. City Council Member Gary Petershagen.

1. **CALL TO ORDER** – At 9:00 AM, Commissioner Low called the meeting to order and read a prepared statement regarding our virtual meeting and public comment. The statement will be attached to the meeting minutes.
2. **PLEDGE OF ALLEGIANCE** – Commissioner Low led those present in the Flag Salute.
3. **AGENDA APPROVAL** – Commissioner Lorentzen moved to approve the agenda. Commissioner Kosche 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 I as submitted by staff. Commissioner Kosche seconded the Motion. The Motion passed unanimously.

	<b>AMOUNT</b>	<b>CHECK #'s</b>
A. Minutes: July 23		
B. Lien Placements (22)	NA	
Lien Releases (31)	NA	
C. Investments	\$295,998.71	
Withdrawals	\$285,847.23	
Transfers	NA	
D. Payroll	\$197,978.18	
E. 40 – Maintenance	\$125,473.65	7766-7820 & EFT 138
F. 48 – SRF Principle & Interest Payment	\$135,201.29	7821
G. 58 – Capital Expenditures	NA	
H. 58 – Capital Expenditures	\$287,442.23	7822-7829
I. 60 – PWTF Principle & Interest Payment	NA	

5. **PUBLIC FORUM – Non-action Items** (please limit comments to 3 minutes) Commissioner Low asked if there were any public form comments or questions submitted. Tara Bighouse replied there were none.
6. **OLD BUSINESS**
  - A. VBC Improvement Change Order No. 10: \$13,520.00 – Tonya Christoffersen explained this is regarding changes in the ventilation in the board room due to structural changes and redesign. Staff recommends it for approval. Commissioner Lorentzen moved to approve the Vernon Business Center (VBC) Improvement Change Order No. 10 in the amount of \$13,520.00 and authorize the General Manager or designee to sign. Commissioner Kosche seconded the Motion. The Motion passed unanimously.
  - B. Consider the Recommendation to Award the Vernon Business Center Paving Project to Gregco Excavating in the amount of \$359,222.58 – Johnathan Dix explained the District accepted eleven

bids on July 21<sup>st</sup>. The supplemental bidder was Gregco with the requisite experience as a “Prime Contract” on projects that were similarly scoped to this project and are the lowest responsible bidder. District staff recommends awarding the bid to Gregco Excavating. Commissioner Lorentzen moved to approve awarding the Vernon Business Center Paving Project to Gregco Excavating in the amount of \$359,222.58. Commissioner Kosche seconded the Motion. The Motion passed unanimously

- C. Consider the Recommendation to Award the Grace Lane Overlay Project to Central Paving LLC in the amount of \$51,650.00 – Johnathan Dix reported the District also accepted 4 bids on July 21<sup>st</sup> for this project. The bids were reviewed by engineering and District staff and recommends awarding the bid to Central Paving LLC as the lowest, responsive bidder at \$51,650. Commissioner Lorentzen asked if the homeowners in that area have been able to connect. Johnathan replied yes, we have received two permit applications so far. Commissioner Lorentzen moved to approve awarding the Grace Lane Overlay Project to Central Paving LLC in the amount of \$51,650.00. Commissioner Kosche seconded the Motion. The Motion passed unanimously.

## **7. NEW BUSINESS**

- A. Mid-Year Budget – Mickie Cooper gave an overview of the mid-year budget. Schedule 1, line 2 the District has reduced operating revenues by almost \$79,000. This reduction is due to the impact COVID-19 on businesses and schools. Through July the average Commercial ERU’s for 2020 is 684 compared to 866 for 2019 and the average School ERU’s through July 2020 is 80 compared to 180 for 2019. New residential billings have been picking up about 40% of the Commercial/School loss. Line 7, we have reduced the O&M expenses mostly due to the hiring freeze on the 2 full-time employees that were originally budgeted for and changing the Treatment Plant Supervisor from 6 month to 4 months. That saved \$186,800. Line 8, she believes our Net Operating Revenue will increase due to the number of new residential ERU’s that have come in so far for the year. As of July 31<sup>st</sup> there have been 251 permits purchased to date over the budget of 179. We are seeing an increasing trend in the commercial/school revenue since our low point in May. Line 13, we have received 95.7 more connection fees in than the originally 130 budgeted for and believe there are more coming before the end of the year. The Capital Cost have increased due to starting 3 Comprehensive Plan projects this year that were scheduled to start in 2021 at \$4.2 million of capital.

Schedule 2 is revenues. She believes we will come close to our revenues because of the new residential ERUs that are coming in. FOG fees were lowered a bid due to more credits. Legal fees that were not anticipated went up a little. Schedule 3 has not changed.

Schedule 4, M&O decreased due to the FTE’s and the Treatment Plant supervisor being here only 4 months. Commissioner Low asked which debt for schedule 3, can you point out which ones the City holds debt for that the District pays. Mickie explained on schedule 3, line 3 the City Bonds, line 5 also for work before the City and Sewer combined in 2006, line 9 one for the Treatment Plant, line 11 one for the new Treatment plant and line 13 also for the new treatment plant.

Schedule 5 is a breakdown of the capital projects already discussed. Also combined the mid-year prior year budget amounts with the mid-year budget amounts that the District is expected to spend. Mickie updated the tracking with COVID-19, revenue is a little under and the payments

from customer paying above what the budgeted revenue is. The number of accounts past due has is down, the comparisons are really close in number. The percentage of accounts that are past due as of July is going down. She believes the District can keep rates at \$86.00 for 2021 without using reserves with an expectation of end of year operating reserve to be \$2.9 million. With the change in capital projects, the capital reserves will be \$3.5 million with some going into next year. Commissioner Kosche commented the operating reserve continues to grow, rates continue to remain stable and this is even in the light of the increased debt coverage as the District has shorted the term on the bond refinance. Mickie replied correct. Commissioner Kosche appreciates it; good job. Tonya Christofferson gave a shout out to Caitlin, Jeff, Casey, Brian and John for looking into cutting anywhere possible and the Customer Service team for calling and working hard to call customers to stop the liens. She wanted recognized those that are working hard to communicate with customers and working with them. Commissioner Kosche noted that kind of diligence reflects in the numbers; it's fantastic.

## **1. MANAGERS' REPORTS**

- A. General Manager – Tonya Christoffersen reported she and Johnathan met with another labor attorney, John Lee from Summit Law yesterday to get him up to date. Caitlin Dwyer has been working diligently on a wastewater emergency plan and is wrapping it up. The VBC is moving along there is a hold up on materials due to COVID. She, Caitlin, Jeff and Travis met with the Snohomish County PUD energy consortium to go over the entire treatment plant efficiencies that can be done. Why it's so important is because the District is saving up to 18% in savings last year in energy, that is equal to over 800,000 kilowatt hours with little cost. She heard from Gene Brazel the decant facility was awarded to Trinity Construction of Marysville.
- B. Assistant General Manager – Johnathan Dix reported the District has 251 permits and 226.7 GFC year to date. He noted the District has begun training on the Cityworks asset management program this week and it will continue through the end of the week. He recently solicited engineering firms for qualifications to complete our 2022 Comprehensive. The emphasis of this Comp Planning Cycle as demonstrated in the RFQ is the treatment plant. The goal is to plan for incremental upgrades and potential re-ratings to take smaller bites out of the larger upgrade and nutrient removal or reduction. Ecology is currently placing a primary focus on nutrient removal or reduction; the District is asking that the engineering firms demonstrate that they have knowledge of nutrient removal. The deadline to submit qualifications will be next Monday at 10:30am. The qualification review period will be from the 18<sup>th</sup> to the 26<sup>th</sup>. The District will issue requests for interviews August 26<sup>th</sup> with interviews being held September 7<sup>th</sup> through the 9<sup>th</sup> if needed. We anticipate awarding the project September 24<sup>th</sup>. Staff has shared the RFQ with Russ and Gene from the City and asked that they be available for review and interviews. Commissioner Kosche asked if there were any concerns from the City elected on the approach around the Comp plan and the selection of firms given it's been a flash point before. Gary Petershagen replied he appreciates Johnathan reaching out and getting that involvement beforehand with Russ and Gene.
- C. Treatment Plant Update – Casey Mullins reported operation has a seven-day flow average of 2.4 MGD, the lower dry weather flows present their own unique operational challenges. Processes is stable, filterability is good. Bleach usage is creeping up over time and has been looked over several times, the feed valve has been cleaned and inspected the system. It turned out the bridle pump drive tubes were syphoning extra product; the tubes were replaced and has fixed the problem. Creating good will he helped the Everett wastewater and received a thank you for the help.


2. **CITY REPORT** – Tonya Christoffersen reported for Gene Brazel, the award of the decant facility to Trinity Construction of Marysville. Commissioner Kosche asked if there was an update on the old treatment plant facility. Brett Gaily replied there is no update, he will follow up. Commissioner Kosche is looking forward to the decision by the end of September as discussed.
3. **COMMISSIONERS' REPORT** – Commissioner Low thanked all the staff for their work.
4. **EXECUTIVE SESSION** – The Commissioners will now recess into Executive Session at 9:45 AM and excused the general public; it is estimated the executive session will last up to 60 minutes. The purpose of the Executive Session, under RCW 42.30.110.i, is to review the performance of public employees. At the conclusion of the Executive Session, the Commission will return to regular session at which there will not be any action taken nor will there be any announcement and the commission will adjourn the meeting.
5. **CONCLUDE** – The Board Meeting was concluded at 10:24 AM.

Signed at a regular open public meeting this 22<sup>nd</sup> day of October 2020



  
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Dan Lorentzen, Commissioner

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Commissioner

  
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Kevin Kosche, Secretary and Commissioner