



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

**MINUTES OF
COMMISSIONER MEETING
MAY 12, 2022, at 9:00 AM**

Attendees: Commissioners Dan Lorentzen, Andrea Wright and Kevin Kosche, District Staff: Mariah Low, Michelle Bauman and Melonie Grieser. District Engineers: Barry Baker and Leigh Nelson, G&O. Legal Counsel: Jack Follis, City: Councilman Gary Petershagen

1. **CALL TO ORDER** – At 9:00 AM Commissioner Lorentzen called the meeting to order.
2. **PLEDGE OF ALLEGIANCE** – Commissioner Lorentzen led those present in the Flag Salute.
3. **AGENDA APPROVAL** – Commissioner Kosche moved to approve the agenda. Commissioner Wright seconded the Motion. The Motion passed.
4. **PUBLIC HEARING** – OFFICE OF THE WASHINGTON STATE AUDITOR PERFORMANCE AUDIT REPORT, OPPORTUNITIES TO IMPROVE LAKE STEVENS SEWER DISTRICT'S INFORMATION TECHNOLOGY SECURITY – SAO Auditors, Michael Hjermsstad and Jamie Bariekman were present to address the IT security audit. Michael gave a brief description of the audit outcome. Vulnerable areas were studied and penetration testing on the IT system was completed. The overall outcome of the audit found that the District's policies and procedures for IT security were partially aligned with leading industry practices and there were areas of improvement. Specific corrections are left out of the report available to the public to prevent security issues. Both Auditors were extremely pleased with the positive corrective attitude, professionalism, and dedication of the District's IT leadership. Commissioner Lorentzen opened the public hearing. There were no public comments. Commissioner Lorentzen closed the public hearing.
5. **CONSENT ITEMS** (The Commissioners have previously reviewed these in detail) – Commissioner Kosche moved to approve Consent Items A through J. Commissioner Wright seconded the Motion. The Motion passed.

	AMOUNT	CHECK #'s
A. Minutes: Apr 28, May 10		
B. Lien Placements (29)	NA	
Lien Releases (21)	NA	
Lien Foreclosure Lawsuit (1)	NA	
C. Investments	\$214,291.20	
Withdrawals	\$1,828,376.16	
Transfers	NA	
D. Payroll	\$217,685.10	
E. 40 – Maintenance	\$118,772.20	9776-9824
F. 48 – SRF Principle & Interest Payment	\$926,933.33	9825
G. 50 – City of Lake Stevens Bond Payment	NA	
H. 58 – Capital Expenditures	\$14,723.46	9826-9827

I.	60 – PWTF Principle & Interest Payment	\$890,121.59	9828
J.	Housekeeping Items –	NA	

6. **PUBLIC FORUM – Non-action Items** (please limit comments to 3 minutes) Commissioner Lorentzen asked if there were any public comments or questions submitted. No comments from public.

7. **OLD BUSINESS –**

A. 2021 Year-End Financials – Dave Hoagland, Clifton Larson Allen LLC, presented the draft 2021 Year-End Financials. Highlights he presented included that the District’s revenues and expenses increased in 2021 over 2020. Records provided were in great shape and provided a clean opinion. The ratio between total current assets versus the current liabilities is very good. Operating income is positive compared to depreciation and comparing this value to debt service gives a ratio typically around 1.2, so additional debt will require rate increases in the future. Commissioner Kosche asked if the District is on point from a control standpoint or are there things that should be tuned up or look at differently. Dave told the commissioners that from the review things looked to be in good shape, but an audit would give a more thorough review.

8. **NEW BUSINESS –**

A. Resolution No. 1030 – Revised schedule for side sewer permits and other administrative fees – Johnathan Dix stated that this Resolution is to modify historic side sewer fees, the district permit fees have not increased since 1994. In 2017 a resolution was passed that changed some categories, but no fees were increased. Commissioners wanted the new rate increase to include 5-year growth costs and the rates in this Resolution reflect that cost. Johnathan shared all the new fees from the Resolution. No questions or comments about the new fees. The Resolution has been reviewed by legal and is recommended by staff. Commissioner Kosche made a Motion to approve Resolution No. 1030. Commissioner Wright seconded. The Motion passed.

B. Resolution No. 1031 – Authorizing the sale of surplus property – Mariah Low stated that this resolution is to surplus the 1999 Mitsubishi vehicle which was stolen and damaged recently. Estimates to repair are approximately \$15,000. The District has chosen to surplus the vehicle. This Resolution has been reviewed by legal and is recommended by staff. Commissioner Wright made a Motion to approve Resolution No. 1031. Commissioner Kosche seconded. The Motion passed.

C. Northwest Security & Sound WWTP Security Camera System Upgrade \$33,953 – Mariah Low stated that the current security system was installed when the plant was built and has aged. An assessment was completed by NWSS to increase cameras and find best placements for them. NW Security & Sound currently provides security services for both the VBC building and the Treatment Plant. This cost was budgeted for 2022 but the cost is more than planned. All Commissioners believe this is necessary after the recent increase of break ins and stolen property. Commissioner Wright made a Motion to approve the upgrade and to allow the General Manager to execute the contract. Commissioner Kosche seconded the Motion. The Motion passed.

9. MANAGERS' REPORTS

- A. General Manager – Mariah Low stated that Caring by Sharing \$712.69, plant flows are at 4.2MGD, which is a large increase from two weeks ago. The Utility Meeting this month is canceled. The Commissioner's will have a workshop instead on Tuesday, May 31st at 4pm.
- B. Assistant General Manager – Johnathan Dix stated that there are 45 GFCs and 114 permits issued year to date. The 17th PL NE side sewer project was a lot more complicated than expected but is almost physically complete, although the cost will be significantly higher. The Permeate pipe project repair is close to completion.

10. CITY REPORT – Gene Brazel sent an email, business as usual. The lighting and landscaping are being installed at Mill Spur. Councilman Gary Petershagen asked if the workshop would be open to public. Commissioner Workshops are always open to the public and some topics covered will be employee succession planning discussion and the loss of the field operations building.

11. COMMISSIONERS' REPORT – Commissioner Wright commented with the pausing of litigation with the City and talks of possible combining of some departments that she is in full support of all staff positions being protected at all costs. Gary Petershagen stated that it's a merger not a takeover. Commissioner Wright stated that Gene Brazel's comments at the last Utility Meeting discussions leaned towards a takeover with talk of employees applying for their jobs. She appreciated Gary's comments. Commissioner Kosche believes in complete transparency, like with the SAO IT Audit. It's extremely valuable and that is a main focus for the District. He also wanted to thank Michelle Bauman, who was recently hired as the lead accountant, for her help and her excellent representation of the District during the work with the CPA. Commissioner Kosche also echoed Commissioner Wright's comments on the merger discussion. Commissioner Lorentzen also agrees with the merger comments and that this will be a completely transparent process.

12. EXECUTIVE SESSION – Jack Follis stated the Commission will now recess into Executive Session at 9:55 AM and excused the general public; it is estimated the executive session will last until 10:10 AM. The purpose of the Executive Session, under RCW 42.30.110(1)(i), is to discuss pending litigation. At the conclusion of the Executive Session, there will not be action taken by the Board of Commissioners and there will not be any announcements made. The Commission Meeting will be adjourned at the conclusion of the Executive Session without an announcement. The Executive Session concluded at 10:10 AM.

13. CONCLUDE – Commissioner Wright moved to adjourn the Board Meeting. Commissioner Lorentzen seconded the Motion. The Motion passed at 10:11AM.

Signed at a regular open public meeting this 26th day of May 2022






Dan Lorentzen, President and Commissioner



Andrea Wright, Commissioner



Kevin Kosche, Secretary and Commissioner