



Utility Committee Meeting

March 27, 2024 at 4:00 PM

HYBRID MEETING:

Please join the meeting in-person at the Lake Stevens Sewer District Jim Mitchell Conference Room or virtually via GoToMeeting from your computer, tablet or smartphone.

<https://global.gotomeeting.com/join/415356613>

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Agenda

1. **Call to order**
2. **Roll Call** (2.17ⁱ)
3. **Public Forum** – Non-action items (please limit comments to 3 minutes)
4. **Project Review** (4.20)
 - a. Project Updates
5. **Information sharing:** planning, coordination, management (4.20)
 - a. Assumption Update
6. **Action Items:** Approval of February 28, 2024, Meeting Minutes
7. **Next Meeting** (7.2)
8. **Adjourn**

ⁱ City of Lake Stevens and Lake Stevens Sewer District Unified Sewer Services and Annexation Agreement, May 23,

DEA Expiration Date	District Development Name	District Project No	Development Location	ERU Count	Project Open Date	DEA Approval Date	Construction started
6/1/2025	BATCHELDOR DEA	12205	11927 & 12009 20TH St SE	36	4/29/2022	6/27/2022	N
12/15/2026	CENTENNIAL SHORT PLAT	12307	2105 131st Ave NE	9	12/7/2023	12/14/2023	Y
7/1/2025	DUNHAM HEIGHTS DEA	12207	7xxx 10th St SE	18	6/2/2022	7/28/2022	Y
1/1/2026	FAGERLIE DEA	12209	12014 20th St SE & 12207 Williams Rd	69	11/9/2022	2/8/2023	Y
9/1/2024	GOLD CREEK LAKE STEVENS	12104	8002 8th St SE	3	7/14/2021	10/28/2021	N
4/1/2025	HISEY I DEA	12204	119XX Machias Cutoff	36	4/7/2022	4/28/2022	Y
7/1/2025	MATTSON HILL	12206	Lot 21, Rucker's Mill Plant No. 2	8	5/18/2022	11/18/2022	N
	MSR LAKE STEVENS	12302	Grade Rd	57	2/27/2023		N
3/1/2026	NORTH VILLAGE TOWNHOMES	12301	2309 & 2311 123rd Ave NE	13	2/9/2023	3/14/2023	N
9/1/2024	SMITH PROPERTY	12103	9929 South Lake Stevens RD	15	7/8/2021	10/14/2021	N
8/1/2025	STILLWATER DEA	12202	524 S Davies Rd	23	3/17/2022	8/11/2022	N
5/1/2025	VINJE HILLS ESTATES	12203	1317 71ST Ave SE	23	4/6/2022	5/11/2022	Y
DEA Complete (4/1/2024)	WEST LAKE TOWNHOMES	12101	10230 9th St SE	13	4/14/2021	6/22/2021	Y
3/1/2026	83 rd AVE TOWNHOMES	12303	1323 83 rd Ave SE	4	9/26/2023	10/9/2023	N
11/1/2026	228 NORTH DAVIES RD	12304	228 North Davies Rd	3	10/5/2023	12/14/2023	N
1/11/2027	LANARK LANDING	12305	10720 S Lake Stevens Rd	96	10/27/2023	1/22/2024	N
12/1/2026	DAWSON	12306	1622 & 1626 S Lake Stevens Rd	28	10/27/2023	1/16/2024	N
	MEYER LIGHT INDUSTRIAL	12401	3500 36TH ST	1	2/22/2024		N
	BATCHELDOR PHASE II	12402	11927 & 12009 20TH St SE	70	2/29/2024		N

TOTAL OPEN DEA ERU COUNT 525
 TOTAL OPEN DEA ERU TO BE PAID 525
 TOTAL OPEN DEA ERU TO BE PAID UNDER CONSTRUCTION 168

CITY OF LAKE STEVENS AND LAKE STEVENS SEWER DISTRICT SETTLEMENT AND ASSUMPTION AGREEMENT

[NTD: This Agreement is being offered as part of confidential settlement discussions and is protected from discovery pursuant to Evidence Rule 408.]

THIS AGREEMENT FOR SETTLEMENT AND ASSUMPTION (“**Agreement**”) is made and entered into this _____ day of _____, 2024 (“**Effective Date**”), by and between the LAKE STEVENS SEWER DISTRICT, a Washington special purpose district (“**District**”), and the CITY OF LAKE STEVENS, a Washington municipal corporation (“**City**”). The District and City are jointly referred to as “**Parties**” and individually referred to as “**Party**”. This Agreement for an assumption under CHAPTER 35.13A.RCW is specifically authorized by RCW 35.13A.070.

RECITALS

A. The District owns and operates a public sewerage service system within the Lake Stevens Urban Growth Area.

B. On May 23, 2005, the District and the City entered into a Unified Sewer Services Annexation Agreement, which was later amended by Amendment No. 1 dated December 20, 2005, Amendment No. 2 dated March 9, 2006, Amendment No. 3 dated March 2, 2009, and Amendment No. 4 dated September 27, 2010 (collectively, “**Unification Agreement**”).

C. The Unification Agreement provides that the City sewerage system and the District sewerage system would be merged into one system (“**Unified System**”) owned, operated, and maintained by the District in Step 1. The Unification Agreement ~~further~~ provides a process for the ultimate transfer of the Unified System to the City of Lake Stevens in Step 2 by 2033, unless the City and District mutually agree to accelerate or extend the date of unification.

D. Upon the Assumption of the District as provided for herein, the City shall operate the Unified System to provide public sewerage services and shall maintain a separate account for this public service industry per RCW 43.09.220.

E. More than sixty percent (60%) of the area of the District is within the boundaries of the City. The remaining portion of the District is within unincorporated Snohomish County and the City of Marysville. On May 11, 2021, the City entered into an Agreement with the City of Marysville, which authorizes the City upon assumption of the District to assume responsibility for operation and maintenance of the District’s property, facilities, and equipment within the City of Marysville, as authorized by RCW 35.13A.060.

F. RCW 35.13A.070 permits the City and the District, through their legislative authorities, to authorize a contract that provides for the transfer of district facilities, property, rights, and powers as provided in RCW [35.13A.030](#) and [35.13A.050](#) to a city.

G. On the terms described herein, the Parties desire to provide an accelerated effective date for the transfer of the Unified System to the City under the provisions of RCW 35.13A.030, 35.13A.060 and 35.13A.020. Collectively, those statutes allow for City assumption of the management and control of the entire District. The Parties further desire to provide a specific plan for an orderly transition assumption, and to provide for the dismissal of the pending litigation brought by the District against the City in Snohomish County Superior Court under Case Number 21-2-00455-31, without the award of costs or fees to either party.

Now, therefore, in consideration of the mutual covenants and promises expressed herein and the terms and conditions set forth below, the District and City agree as follows:

AGREEMENT

1. ASSUMPTION

- 1.1 Assumption Date.** The Assumption Date shall be the date the City assumes complete management and control of the District's property, facilities, and equipment, which shall occur no later than 24 months, from the Effective Date of this Agreement ("**Assumption Date**"). The Assumption Date shall be set forth in the ordinance or resolution of the City to assume jurisdiction required by section 2.6 of this Agreement. The delay between the effective date of this Agreement and the Assumption Date will provide sufficient time for the City to prepare for the assumption and for the District to conclude its affairs in an orderly fashion, including vendor and consultant services contracts prior to the Assumption Date, eliminating or significantly reducing the need for continuance of the District after the Assumption Date.
- 1.2 Operation Until Assumption Date.** The management and control of the Unified Sewerage System's operations, property, facilities, and equipment shall continue as set forth in the Unification Agreement until the Assumption Date.
- 1.3 Instruments of Transfer/Operation After Assumption.** On the Assumption Date, the District shall execute and deliver to the City a Bill of Sale and General Assignment of Interests that will document the transfer to and assumption by the City of all District assets, liabilities, and interests. District and the City agree that on the effective date of the assumption, pursuant to RCW 35.13A.020, RCW 35.13A.030, RCW 35.13A.060, and RCW 35.13A.070 that the City by operation of law has assumed the complete management and control of the entire District, including all real and personal property, franchises, rights, assets, taxes levied but not collected for the district for other than indebtedness, water, sewer, and drainage facilities, and all other facilities and equipment of the district. Subject to all

financial, statutory, or contractual obligations of the district for the security or performance of which the property may have been pledged.

- 1.4 Assumption of Indebtedness.** The City upon assumption shall by resolution or ordinance, assume the obligation of paying District indebtedness and of levying and of collecting or causing to be collected the District taxes, assessments, and utility rates and charges of any kind or nature to pay and secure the payment of the indebtedness, according to all of the terms, conditions and covenants incident to the indebtedness, and shall assume and perform all other outstanding contractual obligation of the district in accordance with all of their terms, conditions, and covenants. The City shall assume the obligation of causing the payment of the District's indebtedness, collecting the District's taxes, assessments, and charges, and observing and performing the other district contractual obligations. The Lake Stevens City Council shall act as the officers of the District for the purpose of certifying the amount of any property tax to be levied and collected therein, and causing service and other charges and assessments to be collected from the property or owners or occupants thereof, enforcing the collection and performing all other acts necessary to ensure performance of the District's contractual obligations in the same manner and by the same means as if the territory of the District had not been included within the boundaries of a city.

2. TRANSITION PLAN

The following transition plan (“**Transition Plan**”) describes the process by which the transition of the Unified System from the District to the City will occur. The purpose of this Transition Plan is to (1) provide for an orderly transition and (2) provide a process that builds trust with employees of the City and District, partners of the City and District, and the public. Each party shall be responsible for its own expenses it incurs as part of the transition processes.

- 2.1 Employees.** The City will offer employment to District’s operational employees pursuant to RCW 35.13A.090 upon assumption by the City to ensure undisturbed operation of the Unified Sewer System. In addition to compliance with RCW 35.13A.090, the Parties agree to the following transition plan for the potential employment by the City of District employees upon Assumption, including but not limited to the organizational structure, categories of employee, leave management and timing of employment offers .

- 2.1.1 Organizational Chart.** Prior to offering employment to District employees, the City, in consultation with the District, will prepare an organizational chart incorporating the positions to be offered the District employees. The Organizational Chart will describe the strategic alignment of District employees (represented and non-represented) within the City workforce upon Assumption.

2.1.2 District Non-Represented Employees. “District Non-Represented Employees” means the District’s General Manager, the District’s Assistant General Manager, and the District’s Human Resources manager.

2.1.2.1 Positions. Prior to the Assumption, the City shall offer employment to the District Non-Represented Employees.

2.1.2.2 Longevity. The accrual of benefits will be calculated for transferred District Non-Represented Employees based upon the initial full-time employment date of the employee with the District.

2.1.2.3 Leave. The City will comply with the sick leave retention and first year vacation provisions of RCW 35.13A.090. Administrative, sick and vacation leave options will be evaluated and offered to eligible positions in compliance with City policies and procedures.

2.1.3 District Represented Employees. “District Represented Employees” means the operational employees referred to in Section 2.1.

2.1.3.1 The District as the employer of employees represented by Local Union 2849 LS Washington State council of County and City Employees, Council 2, AFSCME, AFL CIO shall be solely responsible for any impact or other collective bargaining required of the employer under Ch. 41.56 RCW as a result of this Agreement.

2.2 Inventory and Equipment. Upon Assumption, the District shall provide the City a list of District inventory and equipment valued at \$500 or greater with a usable life of greater than one year, in accordance with District policy. Any inventory and equipment held by the District on the Assumption Date shall be transferred by Bill of Sale as reference above.

2.3 Contracts, Purchasing, and Real Estate. The District and City anticipate the preparation of the transfer of contracts and real estate agreements to be one of the most time-intensive projects leading up to Assumption. Existing District contracts need to be evaluated to determine the appropriate action to ensure that necessary services and projects are maintained during and after transition and that District real estate rights are effectively transferred to the City.

2.3.1 Contracts. Prior to the Assumption Date, the District shall provide the City with a list of District service and construction contracts, the date the contracts were entered into, the termination date, and any assignment requirements or

limitations. The District and City shall collaborate to determine which contracts should continue past the Assumption Date and which should be terminated prior to the Assumption Date.

2.3.2 Purchasing. The City shall identify and evaluate how the District purchasing practices differ with City practices and how they may impact Assumption. The City shall develop appropriate actions to address any differences, if any exist.

2.3.3 Real Estate. Prior to the Assumption Date, the District shall provide the City with an inventory of its documented real estate interests, after having conducted a reasonable search for such documents of record. Thereafter, the District and City shall execute the appropriate legal documentation for recording with Snohomish County, giving record notice of the transfers of such real estate interests of the District to the City as a matter of law upon the Assumption Date.

2.4 Boundary Review Board. Consistent with RCW 36.93.090, the Parties shall file a notice of intent with the Boundary Review Board after the adoption of this Agreement by both the District and the City. The parties will jointly support the City's assumption of the District in any proceedings before the Boundary Review Board.

2.5 Code Provisions. Prior to the Assumption Date, the City shall draft and prior to the effective date of assumption, adopt necessary and appropriate code provisions addressing the operation of the Unified System. Prior to adoption the parties will jointly review the draft code provisions and the City will consider the District's recommendations.

2.6 Resolution or Ordinance to Assume Jurisdiction. Prior to the Assumption Date, the City shall draft and adopt a resolution or ordinance to assume jurisdiction over all the District, as required by RCW 35.13A.030 and consistent with the terms of this Agreement. Such resolution or ordinance shall include the City's assumption of the obligation of paying the District's indebtedness, collecting the District's taxes, assessments, and charges, and observing and performing the other District contractual obligations.

2.7 Information. Following execution of this Agreement, the District shall provide the City with any information upon request. This includes, but it not limited to, contracts, data, personnel, financial and property information, and documentation.

3. Transitional Public Utility Board

Upon Assumption, the City shall establish a Transitional Public Utility Board ("**Board**") whose primary responsibility is to advise and make recommendations to the City Council regarding the

Public Works Utility Division's programs, services, and rates. The City Council shall take such recommendations under advisement. The Board shall consist of five members who reside in the area serviced by the Unified System. The City shall appoint to the Board each member of the LSSD Board of Commissioners who are serving at the time of unification should they agree to serve, and the Councilmembers assigned to the Utility Committee; otherwise, vacancies will be filled using the standard City board and commission process. The Board shall meet at least quarterly for a period of one year after the unification. After one year, from the date of unification, the Board will automatically be dissolved unless extended by resolution of the Lake Stevens City Council.

4. DISSOLUTION OF DISTRICT

Prior to the Assumption Date, the Parties shall cooperate in jointly drafting a Petition for Dissolution, meeting the requirements of RCW 35.13A.080, and consistent with the terms of this Agreement. The Petition shall contain the following: (i) a statement that the Petition is authorized by both the City and the District; (ii) a statement that title to the property, facilities, and equipment of the District has passed to the City pursuant to action taken by the City and District pursuant under RCW 35.13A.070; (iii) a statement that all indebtedness and local improvement district or utility local improvement district assessments of the District have been discharged or assumed by and transferred to the City; (iv) a statement of the distribution of assets and liabilities; and (v) a copy of this Agreement. Once the assumption is effective, the City shall file the Petition for Dissolution with the Snohomish County Superior Court. The City shall be responsible for the filing fee and any other court costs of the dissolution.

In the event the City and the District fail to jointly initiate dissolution proceedings as provided for above, either the City or the District may petition for dissolution as provided for in RCW 13.13A.080 following the effective date of the assumption.

5. ABANDONMENT

This Agreement for Plan of Assumption may be abandoned upon the mutual consent of the respective governing boards of the District and City Assumption Date. In the event of the abandonment of this Agreement, this Agreement shall be void and have no effect and no liability shall be incurred hereunder on the part of either the District or the City or any of its commissioners, council members, officers, directors, or employees.

6. DISPUTE RESOLUTION

It is the intent of the Parties in entering into this Agreement to provide for a cooperative process for the identification of issues and the solution of those issues, allowing for the successful assumption of the Lake Stevens Sewer District by the City of Lake Stevens, without disruption of sewerage service to the customers of the District and the employment of District employees with the City following the assumption. It is expected that the Parties will exercise their responsibilities and commitments in good faith and with due diligence. Should at any time during the term of this Agreement either party have disagreement or objection as to the other party's performance or compliance with their responsibilities under the provisions of this Agreement, the complaining party through their designated dispute resolution representative shall provide written notice and shall address the issue with the other party's dispute resolution representative, and the two of them shall meet and use good faith efforts to resolve the issue to their mutual satisfaction. The designated dispute resolution representatives are:

For the City: Its City Administrator or their designee

For the District: Its General Manager or their designee

In the case that the designated dispute resolution representative cannot agree to a remedy of an identified disagreement, the Parties may use a mutually agreed professional mediator or mediation service to resolve the dispute as to the specific Party's performance or responsibilities under the Agreement.

7. CURRENT LITIGATION

Upon full execution of this Agreement, the City will rescind Ordinance No. 1108, adopted on December 8, 2020, rescind Ordinance No. 1120 adopted on May 25, 2021, and withdraw the Notice of Intent filed with the Boundary Review Board regarding Ordinance No. 1108 on approximately February 22, 2021. After the Ordinances are rescinded, the District and the City shall jointly stipulate and file a motion with the Snohomish County Superior Court for the dismissal of Cause No. 21 2 00455 31 without the award of costs to either party.

8. MISCELLANEOUS

8.1 Modification; Assignment. No modification or amendments shall be valid unless evidenced in writing, properly agreed to, and signed by both parties. Neither party shall assign its rights in this Agreement.

8.2 Supersede. To the extent there is any conflict between the terms and conditions of this Assumption Agreement and the Unification Agreement, the terms and conditions of this Assumption Agreement will govern and control. It is the specific intent of the Parties that the provisions of this Agreement supersede and replace the provisions of Article 5 of the Unification Agreement.

8.3 No Third-Party Rights. This Agreement is intended to govern only the rights and responsibility of the parties hereto. Nothing in this Agreement shall be construed or interpreted to create any third-party rights or create a cause of action in favor of a third party. This Agreement shall not be construed or interpreted to create a standard of performance or care for the purpose of any claim initiated by a third party.

8.4 Authority. The persons who have executed this Agreement represent and warrant that this Agreement has been unanimously approved by their respective board of commissioners (for the District) or city council (for the City).

8.5 Recording. Upon execution of this Agreement, each party shall either post the executed Agreement online or file it with the County auditor.

WHEREFORE, the Parties have executed this Agreement on the dates set forth below.

CITY OF LAKE STEVENS

LAKE STEVENS SEWER DISTRICT

Brett Gailey, Mayor
Date: _____

Kevin Kosche, Commission President
Date: _____

Gene Brazel, City Manager
Date: _____

Mariah Low, General Manager
Date: _____

Approved as to Form:

Approved as to Form:

Greg Rubstello, City Attorney
Date: _____

Jordan Stephens, District Attorney
Date: _____

Attest:

Kelly Chelin, City Clerk
Date: _____



CITY OF LAKE STEVENS & LAKE STEVENS SEWER DISTRICT IMPLEMENTATION PLAN

DRAFT UPDATED 3/15/2024



Acknowledgements

Lake Stevens Sewer District Board of Commissioners

Commissioner Dan Lorentzen, Position #1, President

Commissioner Andrea Wright, Position #2

Commissioner Kevin Kosche, Position #3, Secretary

City of Lake Stevens

Mayor Brett Gailey

Councilmember Kim Daughtry, Position #1

Councilmember Gary Petershagen, Position #2, President

Councilmember Ryan Donoghue, Position #3, Vice President

Councilmember Kymm Shipman, Position #4

Councilmember Anji Jorstad, Position #5

Councilmember Steve Ewing, Position #6

Councilmember Marcus Tageant, Position #7

Management Transition Committee

Transition Manager - TBD

Lake Stevens Sewer District General Manager Mariah Low

Lake Stevens Sewer District Assistant General Manager Johnathan Dix

Lake Stevens Sewer District HR Manager Rosalind Gorc

City of Lake Stevens City Administrator Gene Brazel

City of Lake Stevens Public Works Director Aaron Halverson

City of Lake Stevens HR Director Anya Warrington

City of Lake Stevens Community Development Director Russell Wright

City of Lake Stevens Finance Director Barbara Stevens

City of Lake Stevens IT Director Troy Stevens

Consultants

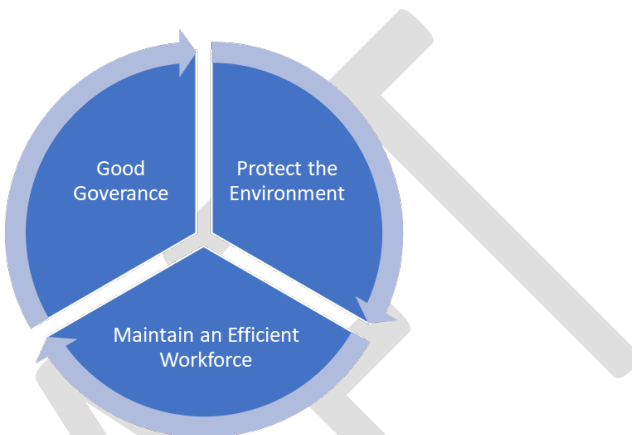
The Lake Stevens Sewer District and City of Lake Stevens want to thank the Lake Stevens community for supporting both organizations through the years and for celebrating the transition plan to the City of Lake Stevens. For additional information, please contact Transition Manager TBD 425-XXX-XXXX XX@lakestevenswa.gov

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Introduction

The Lake Stevens Sewer District (LSSD) and the City of Lake Stevens (City) have cooperatively developed this Implementation Plan (“Implementation Plan”) to identify key steps for the orderly and predictable transfer of sewerage operations from the LSSD to the City over the next 18 months, leading to the statutory assumption by the City under the negotiated Legal Agreement (“Agreement”). The Implementation Plan is based on common shared and interconnected values or “pillars” as illustrated below. This Plan serves only as a guide and not as a contractual agreement. In the event of any conflict between this plan and the Agreement, the Agreement shall prevail.



Post assumption, the ultimate measure of success for merged operations will be the efficient delivery of municipal services by a single, unified local government enabled to make inclusive decisions affecting the Lake Stevens community supporting the common, shared values.

- The governing body will operate under a single set of statutes, improving transparency to the community as cities operate under a more rigorous set of rules for public notice and public engagement in decision making and setting budgets.
- Over time, there will be significant cost savings to the community based on more efficient operations by reducing redundancies inherent in the operation of two government agencies with overlapping missions.
- A single local government can make holistic decisions related to funding, coordinated capital projects, environmental protection and leveraging appropriate resources.
- Unified operations will improve access to customer services, such as a “one stop shop” for permits or service requests for infrastructure maintenance and repairs.
- Unification provides a combined comprehensive planning and environmental review process, allowing for better planning, development review and coordination of capital projects relating to utility services in coordination with other City policies and procedures, while reducing conflicting goals and priorities.
- The City will leverage the individual and collective talents of each staff member and department from both agencies. LSSD employees will be welcomed into the City as vital members of a cohesive organization upon employment.
- The current LSSD staff will be placed in an appropriate department and will be empowered to focus on their primary area of professional expertise whether operations, customer

service or finance and billing. Each department will receive multidisciplinary support from other departments.

The Implementation Plan identifies key transition tasks, such as administration, legal issues, contracts and assets, communications, employee integration, finances, information technology, and updates to the engineering standards, comprehensive plan and municipal code. LSSD and the City recognize that the Implementation Plan is not prescriptive – the Transition Manager and staff should use this plan as an instructional guide during the transition – specific implementation tasks may be re-evaluated using adaptive management.

This plan is a companion document to the City of Lake Stevens and Lake Stevens Sewer District Settlement and Assumption Agreement (the “Legal Agreement”), which provides the legal framework for the transition, which is discussed in more detail in the Unification Section. The term “unification as used herein is synonymous with the transfer of the unified sewer system from the District to the City through a contractually agreed assumption under the provisions of Chapter 35.13A RCW.



Timeline

The City and LSSD have had a long-standing working relationship and have shared the responsibility of providing sewer collection and treatment services for the greater Lake Stevens Community for over 60 years as illustrated below.

Timeline of key actions and dates

1. 2021 to initiate an early assumption of the LSSD.
2. City of Lake Stevens incorporated in 1960.
3. The Lake Stevens Sewer District was established in 1957 and has provided sanitary sewer service, both collection and treatment, since 1965.
4. The City and LSSD jointly provided sewer service through several agreements and contracts between 1970 and 2005.
5. Unification agreement signed in May 2005.
 - The LSSD and City entered into an agreement to transition public sewer service from two systems to one system, which ultimately transfers back to the City.
 - At the time, the City's corporate limits occupied less than 50 percent of its Urban Growth Area.
 - The City and LSSD wished to equitably share capital and operating costs for sewer service in the Lake Stevens Urban Growth Area, expand financial capacity of the two agencies to complete major projects such as the treatment plant, joint capital and comprehensive planning and recognize the increased efficiencies and economy of scale of unifying service under a single provider.
 - Step 1 – LSSD will manage the assets and operate the Unified Sewer System.

- Step 2 – LSSD will transfer the Unified Sewer System to the City. Article 5 allows for accelerated timing upon mutual agreement.
6. Amendment 1 – December 2005 clarifies the Utility Committee makeup.
 7. Amendment 2 – March 2006 dealt with the transfer of the Sunnyside property to the City for purpose of annexation and subsequent lease to the LSSD.
 8. Amendment 3 – March 2, 2009 stipulates the LSSD is responsible for loan payments related to the Public Works Trust Fund loan secured by the City for sewer improvements.
 9. Amendment 4 – September 27, 2010 clarifies the lien priority of payments from the District to the City for Direct Revenue Bonds to finance the Sunnyside Wastewater Treatment Plant.
 10. As the City annexes additional area within the Lake Stevens Urban Growth Area, it assumes additional public service responsibilities from Snohomish County.
 - As the City has annexed territory, it has added professional, technical, and field staff across all departments to maintain or improve the level of services for residents. The City now occupies approximately 95 percent of its Urban Growth Area.
 11. The City has indicated its desire to assume the LSSD earlier than 2033.
 - The LSSD and City went through mediation to discuss a common path forward to merge.
 12. The City adopted Ordinance 1108 on December 8, 2020 and Ordinance 1120 on May 25, 2021.

Unification Process

The LSSD and City unification will follow the Washington State Assumption process outlined in Chapter 35.13A of the Revised Code of Washington (RCW), as detailed in the Legal Agreement, created in collaboration with the City Attorney and LSSD Attorney.

The City and LSSD continue to pursue unification through the Utility Committee. Early in the process, elected Utility Committee representatives from the LSSD and City began working together to identify commonalities and expectations for unification with regular updates to the Utility Committee. After the two elected officials completed their foundational work, the Utility Committee agreed, LSSD and City staff would meet and define a strategy for unification. In April of 2023, a Management Transition Committee (Transition Committee) consisting of LSSD and City leadership was formed. The combined City and LSSD staff have met routinely to finalize the Legal Agreement and develop an Implementation Plan. The Transition Committee defined a set of implementation goals for unification expanding upon the values promoted by the elected officials, as the basis of its work. The topics considered by the Transition Committee are listed below with bullet points added to draw emphasis to specific items discussed.

1. Protect and provide continuity to ratepayers, residents, business and visitors.
 - Financial Policies
 - Level of service
 - Rates
 - Continuity of services
2. Protect the environment.

- Continue to operate the wastewater systems per Department of Ecology standards and other regulatory requirements.
 - Maintain water quality for Lake Stevens, its tributaries and the greater Snohomish Watershed per Department of Ecology standards and other regulatory requirements.
 - Ensure utility construction and maintenance activities meet other local, state and federal environmental requirements including Critical Areas Ordinances, the Shoreline Master Program, State Environmental Policy Act.
3. Thoughtful change in the management of people and workplace culture.
 - Employees
 - Culture & cohesiveness
 - Level of service – including internal support
 - Knowledge bank/experience
 - Change management – thoughtful
 - Right people/right job
 - Maintaining each employee's employment
 - Professional development
 4. Establish a thoughtful and thorough unification timeline.
 5. Ensure transparent unification planning.
 6. Provide good governance and improve efficiency.
 - Aligning capital projects
 - Align business process (financial, permitting)
 - Consistent development standards

The Transition Committee has worked through a series of complex transition issues, with perspectives from both organizations possessing a multitude of professional backgrounds and experiences. The work produced in this Implementation Plan provides a solid framework for a smooth and streamlined unification of the two organizations. The Transition Committee accomplished the following:

- Developed a list of tasks and objectives to be considered during the unification including information technology needs, planning, finance, contracts, property, employee roles and integration, etc.
- Discussed and revised the Legal Agreement – this Implementation Plan is a supplement of the Legal Agreement. The Legal Agreement is designed to meet the requirements of state statute and includes conflict resolution language.
- Developed this Implementation Plan as a supplemental document to the Legal Agreement and guides the LSSD and the City how to integrate agency cultures and functional elements to ensure the unification will be successful.
- Developed three project models with tasks and timelines to determine the best method for implementing unification, which ranged from having individual staff members manage distinct elements of the transition based on their area of expertise without a dedicated

project manager to hiring a dedicated project manager to oversee all elements of the transition. The committee vetted the models by assessing pros and cons for each model, including time, cost, impact to operations among other factors.

- The Transition Committee presented these models to the Utility Committee on January 17, 2024. After considering these different transition models, the Transmission Committee mutually recommend a hybrid approach as the best option, which means the City will appoint or hire a transition manager to ensure the transition is smooth and meets established tasks and timelines. Consultants will be used as needed for technical expertise and to complete specific tasks.
- The Utility Committee agreed with the recommendation of the Transition Committee.
- The City will identify a transition manager to oversee the implementation of the Implementation Plan. The transition manager may be an internal or external project manager. The City will hire a consultant team to coordinate the technical and legal requirements of the Implementation Plan and Legal Agreement, which allows the staff of each agency to focus on their daily tasks and on the successful integration of employees.

Over the course of the transition and unification, staff and elected officials, from both the City and the LSSD, will continue to build on the work accomplished to date and expand the long-standing, strong working relationships prior to the final unification occurring.

At completion of the transition, the LSSD will dissolve, and the City will provide sewerage operations under a restructured, Public Works Department. Other staff will be assigned to different departments and continue to support utility needs related to the responsible City department.

The greatest value of this iterative process, engaging elected official and key agency leaders, has been the opportunity for both organizations to work together on this plan and start building a working relationship as a foundation for a combined organization that will be solidified over the transition and post-unification.

Communication Plan

The following communication plan ("**Communication Plan**") provides a strategic approach for stakeholders, including LSSD Board of Commissioners, the City Council, LSSD and City staff, ratepayers/community members, and other partners to review each phase of the Implementation Plan as it proceeds. Clear and open communication is the key to a smooth and successful transition with little to no interruption to customer service and staff operations.

There are three distinct communication phases: Planning Phase, Transition Phase and Post Unification. The Planning Phase resulted in an agreed upon legal and practical framework to complete the transition. Following acceptance of the Implementation Plan by the Lake Stevens City Council and Lake Stevens Sewer Commission the transition phase will begin. Post-unification, the City will continue to monitor and communicate progress to the community. The Implementation Plan focuses on communication related to the transition phase.

Communication Objectives. The Transition Manager will provide regular updates and solicit feedback from internal and external stakeholders, at specific transition milestones to maintain transparency and encourage trust in the process. The primary communication objectives are to:

- Report, complete, timely and accurate information to internal and external stakeholders;

- Provide status updates on key procedural and policy decisions made throughout the process; and
- Acknowledge and respond to feedback and questions received from stakeholders.

Format. Individualized communication materials will be developed for different stakeholders.

- The Transition Manager, with support from the Transition Committee, will provide written progress reports to the elected bodies during committee, board and council meetings.
- The City and LSSD will post the Implementation Plan, Frequently Asked Questions (FAQs) and any progress reports online to keep ratepayers and residents informed.
- The LSSD will distribute “informational mailers” with its utility bills at key milestones.
- LSSD and City employees will receive written/verbal communications as needed that affects their role in the agency and integration of services.
- The City will designate an internal centralized location for transition updates, specifically how it relates to employment.
- The Transition Manager, with support from the Transition Committee, will host informational meetings to internal and external stakeholders, outlined in detail below.

Content. Communication content should be predictable. The Transition Manager and Transition Committee will provide consistent information about transition activities during implementation. Individual City departments will work collaboratively with the Transition Manager and Transition Committee to report on specific topics to different stakeholders. For example, it will be the responsibility of the Human Resource Department to communicate with new employees about their employment with the City. Both agencies should recognize unanticipated issues and challenges may emerge and be prepared for an adaptive management process and be prepared to communicate any unexpected issues that arise during the Transition Phase to the City Council and LSSD Board of Commissioners. Written communications to the board and council should:

- Review the purpose, approach, and desired outcome for each transition element;
- Report on current transition milestones and include the latest information and documentation;
- Provide updates on the project budget and expenditures;
- Identify dates and planned tasks to be discussed at the next scheduled meeting;
- Review feedback, questions, and answers from the last communication session; and
- Solicit feedback related to new information provided.

Frequency, Audience, and Venue. Existing meeting venues (for example, LSSD Board Meetings, City Council Meetings, Utility Committee Meetings, Employee Meetings) will be used to communicate updates on the Implementation Plan progress. Additional meetings will be held, as defined in the table below, or as needed, to provide formal updates on the status of the Implementation Plan and unification. This schedule is tentative and may be revised as the transition proceeds. “T” refers to the day the Effective Date of the Legal Agreement.

Frequency (within)	Target Audience	Venue
T + 30 Days	Staff, Elected	In Person / Virtual
T + 30 Days	Rate Payers	In Person / Virtual
T + 90 Days	Staff, Elected	In Person / Virtual

T + 180 Days	Staff, Elected	Virtual
Every 180 Days until Unification Date	Staff, Elected	Virtual
Unification Date	Ratepayers / Residents	In Person / Virtual

Implementation Plan

The following Implementation Plan describes the process by which the transition of the Unified System from LSSD to the City will occur and supports the common goals created and adopted by the Transition Committee. The purpose of this Implementation Plan is to (1) provide for an orderly and strategic unification and (2) provide a process that builds trust with employees of the City and LSSD, partners of the City and LSSD, and the public. Each party shall be responsible for its own expenses it incurs as part of the transition processes.

The transition tasks are listed by area or department function. Many of the transition objectives and tasks outlined in the plan will be executed simultaneously. Timing and resources for each transition task are outlined in the Implementation Plan Dashboard (Attachment 1). The Transition Manager will be the owner of the dashboard and may tailor the recommended template as deemed necessary.

Administration & Legal:

The City and LSSD have agreed to an accelerated transfer of the Unified System pursuant to Chapter 35.13A RCW and other state law to allow for City assumption of the management and control of LSSD assets and facilities. The transfer will result in unified governance, increased predictably and efficiencies for the public. Furthermore, the City and LSSD recognize the transition will require adherence to legal requirements which must be handled with tact and utmost respect to each agency, setting aside prior disagreements. Hiring a Transition Manager to increase success of the unification is vital to meet these objectives.

- Legal Agreement. The Transition Committee collaboratively prepared the Legal Agreement which was reviewed by the Utility Committee. The Utility Committee recommended both respective legislative bodies approve for adoption and the Legal Agreement was executed on XX.
- Repeal City Ordinance 1108. Upon execution of the Legal Agreement, the City Council will repeal City Ordinance 1108 at a Lake Stevens City Council meeting.
- Hire Transition Manager. City staff, in collaboration with the Transition Committee, will solicit competition for hiring a Transition Manager or consulting firm. Members of the Transition Committee will vet the competition and make a recommendation to the City Administrator. The City Administrator will make the final hiring decision. The new Transition Manager or firm will be hired and/or issue a request for proposals as soon as reasonable after the Legal Agreement is executed.
- Training Transition Manager. There will be a kickoff meeting with the Transition Committee, one LSSD Commissioner and one City Councilmember where each member can share thoughts and help orient the Transition Manager. The Transition Manager will be given all the resources to be successful including clear expectations and the Implementation Plan. The Transition Manager will spend a significant amount of time with City and LSSD management to learn about the operations of each agency.

- Prepare and File NOI with Boundary Review Board. The City Attorney with support of the City Planning and Community Development Department will prepare Notice of Intent to annex the LSSD and coordinate the Boundary Review Process. They will develop exhibits and legal descriptions for the Board to consider as part of the overall package for the City Attorney to file. The LSSD and its Attorney will provide support to the City Attorney as needed.
- Asset Inventory. LSSD and the City will collaborate to transfer assets from the LSSD to the City per the Legal Agreement.
 - LSSD will provide a complete inventory of equipment, assets, and property to the City valued \$500 or greater with a usable life of greater than one year.
 - The LSSD will also provide an inventory of small and attractive items which are items deemed to be sensitive to theft, such as power equipment, televisions, computers, laptops, and power tools.
 - The City Attorney will create a Bill of Sales or Deeds to transfer all equipment, assets, and property to the City.
- Fleet Equipment Integration. The City Public Works will be responsible for the integration of fleet and equipment into the City's asset inventory.
 - Every LSSD vehicles/rolling equipment will be entered into the City maintenance program.
 - LSSD logos will be removed along with identification numbers and City logos and identification numbers will be added.
 - Safety inspections will be completed. Once vehicles pass a safety inspection, they will be returned to service.
 - All LSSD vehicles will be added to the fuel system and employees trained on how to use fuel system.
 - City will add all LSSD vehicles/rolling equipment to the replacement schedule.
- Contracts Review and Update. The LSSD has multiple contracts in place to help operate the Unified System. Existing contracts need to be evaluated to determine the appropriate action to ensure that necessary services and projects are maintained during and after unification. Procurement policies and procedures need to be evaluated to identify and resolve conflicts to ensure that services continuity is not impacted. To accomplish this, the following will occur:
 - LSSD will provide all contracts and related documents to the City for review.
 - The Transition Manager, in coordination with the City Attorney, and affected departments will review existing contracts to determine which contracts will be carried over, modified or terminated upon unification. The LSSD agrees to collaborate with the City for consultation as necessary.
- Public Records. The LSSD agrees to continue to identify all LSSD records (hard and electronic records) that have retention value and will need to transition over to the City and managing those records during the transition to ensure a smooth transfer of records upon unification. Records include, but are not limited to, infrastructure planning, maintenance and repair, asset management, public meetings, human resource management, agency administration and management, financial management, and information management.

- WCIA Insurance Transfer. LSSD and the City will coordinate with WCIA to transfer insurance coverage from the LSSD to the City. WCIA is aware of the pending transition so both LSSD and City will review all papers to ensure complete coverage.
- Legal Dissolution-Prepare Documents.
 - The City Attorney will prepare final dissolution documents with LSSD Attorney review and input.
 - Once drafted, it will be placed on the Utility Committee Agenda for review.
 - The City Attorney will bring final dissolution documents before the Lake Stevens City Council for adoption.
 - The LSSD Attorney will bring final dissolution documents before the LSSD Board of Commissioners for adoption.
 - City Clerk may be involved with recording documents at Snohomish County or any other City filing tasks.
- The City will assume governance, assets and equipment, funds and debt and employees from the LSSD.

Employees and Organizational Structure:

The City and LSSD will strive to achieve a fair and equitable transition of the employees of LSSD to the City on the Unification Date, consistent with applicable state and federal law. The employees of LSSD represent a vital asset to the City as the City assumes operations of the Unified System. As such, the smooth transfer of employees to the City as part of the unification process is crucial to maintain the efficient operations of the wastewater services. Employees are the City's greatest asset, and as such, will strive to make the transition process as easy and positive as possible. In addition to compliance with state law, the City agrees to the following protections and processes to meet this goal, which the City and LSSD will adhere to as the transition process ensues.

- Communication and Culture. The communication plan provides the foundation for discussing culture and collaboration between the agencies. Maintaining open communication and a positive culture during the transition is top priority. LSSD and City HR staff will set up a resource center for employees, where they can find the latest information and supporting documents related to the transition.
- Employee and Operations Locations. City management, in consultation with the LSSD, will determine the relocation and/or integration of employees and operations locations. Each position and operation will be reviewed, evaluated, and ultimately stationed in the best location to provide maximum efficiency, communication, and safety, while supporting business need and minimizing employee impact. Employee work and operation locations will be reviewed by City management approximately 90 days post-unification and periodically thereafter for fit and operational effectiveness.
- Personnel Policies. The City HR staff will compare the LSSD Employee Handbook with the City's Employee Handbook and assess disparities between the two policy sets. This may result in incorporating some LSSD policy language into the City's policies. City Council will adopt any appropriate Employee Handbook changes and all employees will receive training on the City Employee Handbook.

- Classification/Job Descriptions. The City HR department, in collaboration with department heads and LSSD HR, will review current LSSD job descriptions and develop new City job descriptions for transferred employees.
 - Classifications/Job Descriptions will include, at a minimum, a list of essential functions, supervision received, supervision exercised, qualifications for the position, and the knowledge, skills and abilities required.
 - Based on this review, the City will determine a placement within the City organization for these job classifications.
 - The Transition Committee began the process of reviewing LSSD job descriptions, comparing to the City's organizational structure and similar job descriptions, and drafted a preliminary organization chart upon unification (Attachment 2). Supervisor span of control will continue to be evaluated post-unification and adjustments may be made if necessary.
 - The unified organization will continue to be developed at the advisement of the Transition Manager, LSSD and the City during the transition process. The City and LSSD agree to share information on positions, employees and organizational structure changes during the transition.
 - The LSSD will not establish any new classifications and/or full-time equivalent (FTE) positions to their organizational structure upon execution of the Legal Agreement. The City recognizes there may be a need to reclassify funded positions or hire existing unfunded positions (i.e., Payroll & Benefits Coordinator) to meet operational needs and should consult with the City prior to making such changes.
- Compensation. The City will hire a third-party consultant to conduct a salary survey and ensure wages are competitive within each new City classification created by the unification. The survey will compare the City's job classifications with cities of similar size, structure and other recommended criteria which includes but is not limited to, the level of responsibility, effort and skills needed to perform the duties. LSSD salary tables will also be considered in relationship to comparable cities who provide utility services in order to understand industry standards leading to an equitable transition to the City's salary schedules. The results of the salary survey will be used to recommend new and/or revised salary ranges, dependent on employee representation as follows:
 - Represented Employees: Wages, hours, and working conditions shall be bargained with the union representing the employee group(s) and approved by City Council.
 - Non-represented Employees: Salary ranges will be approved and established by City Council in accordance with Lake Stevens Municipal Code.
- Benefits. Continuity of employee benefits is critical to the retention, health and efficiency of the workplace. The Transition Committee conducted a comparison of City and LSSD benefits and agreed in their similarities (i.e., both the City and LSSD pay 100% of the employee's medical premium). The City will continue to assess the best benefit options for employees and will be updated in the same manner as compensation.
- Leave Accruals and Carry-Over.
 - Sick Leave: Employees accepting offers from the City will retain their sick leave balances from LSSD upon unification. Employees may be frontloaded additional sick leave upon hire and will accrue sick leave per City policy or Collective Bargaining Agreement.

- Vacation Leave: Employees may carry-over up to two hundred forty (240) hours of vacation leave upon unification. At a minimum, per RCW 35.13A.090, during the first twelve (12) months of employment, employees' accrual rates will be based on their previous entitlement at LSSD. At the thirteenth (13th) month of employment, employees will be placed on the City's vacation accrual rate according to the City's Employee Handbook or applicable Collective Bargaining Agreement. Since the City's vacation accrual rate is higher than at LSSD, this will, in most cases be in benefit to the employee.
- Management Leave: Per City policy, exempt employees will be offered management leave hours based on their position duties and similar positions at the City. Management leave is granted January 1st (or prorated by hire date) and lapse December 31st every calendar year. If unused, management leave is not available for cash-out, nor is it compensable upon termination.
- Holidays: The City observes the same paid holidays as LSSD. In addition, the City offers two (2) floating holidays per calendar year. Employees beginning employment after July 1st will be entitled to one (1) floating holiday during that calendar year. Floating holidays lapse at the end of the calendar year. If unused, floating holidays are not available for cash-out, nor are they compensable upon termination.

Alternative to the above, the LSSD may, at their option and per LSSD policy, cash-out employees' leave balances prior to unification. LSSD agrees to notify the City of all leave accruals and cash-out plans a minimum of one hundred twenty (120) days prior to unification so that appropriate job offers are made.

- Employment Offers. At a minimum of ninety (90) days prior to unification, the City will offer employment to all current employees of LSSD. The LSSD agrees to not hire any additional employees ninety (90) days prior to the unification date. The City may require additional details from LSSD employees prior to making job offers, such as job history, education and experience. Employment offers will include, but are not limited to, assigned position, department, supervisor, hours of work, rate of pay, benefits, conditions of employment, and start date. Offers of employment may vary across employee groups as follows:
 - Represented Employees: Offers will be determined based on wages, hours and working conditions bargained with the union representing the employee group and approval by City Council.
 - Non-represented Employees: Offers will be determined based on the wages and benefits established by the City Council via the Employee Handbook and adopted salary schedule. Due to the importance of internal pay equity within City employment and compliance with RCW 49.58 Equal Pay and Opportunities Act, placement of employees' salary within the range will be determined with consideration to factors such as seniority, compression, knowledge and skills.
- Personalized Employee Transition Packets. At a minimum of ninety (90) days prior to the unification, the City shall provide a personalized employee transition packet to every LSSD employee. The personalized employee transition packet shall contain all personnel-related information specific to each employee, including but not limited to job classification, salary, benefits, leave accrual rates, seniority, benefits, a copy of the organizational chart, and the City Employee Handbook. Thirty (30) days prior to the City distributing the personalized employee transition packets to the employees, the City shall post all final non-confidential documents (such as organizational chart, benefits, policies, seniority list,

etc.) to the internal transition communication site in order to provide the LSSD an opportunity to review the general content of the employee transition packets to ensure the information is sufficient.

- **Employee Preboarding and Onboarding.** The City HR will be complete preboarding and onboarding tasks with the employee's supervisor.
 - Once the employment offer is accepted, each employee will enter the preboarding phase where they will have access to the City's online portal. This portal has all the information about beginning employment with the City. Entering the preboarding phase triggers IT, HR and Payroll to begin employee setup. This will consist of entering each LSSD employee into City HR systems and databases.
 - Upon unification, the onboarding phase will begin. Each employee will receive an orientation with HR where they will receive and fill out all necessary new hire paperwork in their online portal. They will receive a copy of the Employee Handbook, and other policies pertaining to their position. Each employee will also be introduced to the City's Learning Management System (LMS) and assigned required training for their position.
 - Post-unification, there will be an all-City meeting where all employees will be welcomed and informed of current events at the City.
- **Payroll Setup.** The City HR and Finance departments will complete the payroll setup for all transferred employees. Direct deposit and other paperwork will be provided to the LSSD employees during the preboarding and onboarding. HR/Finance staff will ensure each employee is registered into the payroll system and proper deductions are in place. City employees are paid twice a month.

ITS (Information Technology Services)

Technology resources and service continuity is an integral part to operations and transfer of the Unified System and its employees. The City will evaluate necessary technology to ensure the transfer of responsibilities from the LSSD to the City is seamless including software and hardware leading to a complete integration into the City's system or deployment of new mutually beneficial software. The City's ITS department (ITS), with consultant support as needed, will lead efforts related to the integration of LSSD technology into the City's framework.

- **ITD Discovery and Review.** ITS will conduct a full audit of LSSD hardware, software, service connections/providers, on-call services, telemetry, specifically equipment and service requirements such as emergency restoration times and redundancy plans.
- **ITD Telecom Services and Review.** ITS will review equipment inventory, specialty needs, future needs, emergency after hours lines, telemetry, and security services.
- **ITD Hardware Purchasing.** ITS will coordinate with Snohomish County, who currently provides information technology services to LSSD, and analyze the potential to continue leasing existing equipment under the current contract or determine if the City can purchase the equipment from Snohomish County. If Snohomish County cannot accommodate the lease of equipment under its current contract, the City will terminate the contract and ITS will purchase new equipment including desktops, laptops, iPad, and any other portable devices.
- **ITD Software Licenses Purchasing.** Should Snohomish County not have the ability to continue its contract, ITS will identify any specialty software needed related to sewerage

operations that the City does not have. ITS will purchase specialty software as needed and add LSSD employees to our software user accounts. ITS will work with City Finance to install the new Springbrook Utility Module Finance Software. They will coordinate with LSSD on integration and migration.

- ITD User Integration/Migration. ITS will be responsible for integrating software and hardware to be deployed and establishing employee profiles and ensuring a predictable transition into the City system.
 - Existing equipment will be used, or new equipment deployed.
 - ITS will ensure all portable laptops, remote devices, lift stations, etc. will connect to City networks and remote service providers.
 - Email accounts will be established, and if new equipment is deployed, it will have all necessary software installed. LSSD employees will be added to any specialty email/Teams groups or network files.
 - LSSD employees will receive instructions how to login and ITS will be available for training and certainly any login challenges in the first weeks.
 - LSSD employees will receive any training required and given access to ITS policies. City IT will provide group orientation sessions for employees and individual training by request.
 - ITS is always available and workorders can be submitted through the ITS robust service request system.
- Website Migration. ITS will migrate vital operational elements of the LSSD website into the City's framework to be hosted on the City website. An online bill pay function will be added for sewer service. The emergency hotline will be integrated into the City's Public Works portal and emergency hotline for after hours.

Capital Facilities Plan, Engineering Design Development Standards, Fees and Code Update

The City and LSSD agree to mutually work toward refined engineering standards and municipal code requirements and to integrate the LSSD Sewer Plan and Capital Improvement Plan into the City's Comprehensive Plan to ensure all documents align with the City's future management of the utility's operating and capital budget and planning processes.

- Comprehensive Plan Update. The City Planning and Community Development staff, during the next Comprehensive Plan update, will update the Public Services, Capital Facilities Plan and other affected chapters to ensure the City's plan integrates the current LSSD goals, policies and capital projects in support of the sewer utility. The plan will be approved by the Lake Stevens City Council and reviewed annually.
- Municipal Code Update. Planning and Community Development, in coordination with Public Works and the LSSD, will review and update the Lake Stevens Municipal Code related to sewer operations and administration to define development standards, technical requirements, decision-making authority and review process for public and private sewer infrastructure.
- Engineering Design & Development Standards. The City Public Works and Planning and Community Development departments, with consultation from LSSD staff, will

update the City's Engineering Design & Development Standards (EDS) to ensure standard designs meet industry standards for sewerage collection and treatment system.

- Fee Schedule Update. The City will update the City's fee schedule to incorporate sewer related fees.
 - LSSD will provide to the City its most recent rate study, all current sewer related charges and fees.
 - The City Finance, Public Works and Planning and Community Development Departments will recommend changes to the current fee schedule.
 - City will insert those into the Fees Schedule and bring it before Lake Stevens City Council for review.
 - The Fees Schedule will be placed on a Lake Stevens City Council agenda for discussion, public comment and adoption by the City Council.
- Permit Process Integration. The City Planning and Community Development Department will integrate sewer permits into its permit review process.
 - Sewer plan review, inspection and code compliance will be added to systems.
 - In collaboration with LSSD, a go live date will be established. The City will run tests prior to the go live date to ensure processes are working and in order. They will also ensure affected City and LSSD employees are briefed and trained prior to go live date. On the go live date, ITS staff will be onsite ready to assist with any technical issues.
 - Consultant plan review and design contracts will be updated to support sewer collection and treatment.
- Code compliance will be updated to include Fats, Oils and Greases program, as well as illicit connections enforcement, to ensure enhanced environmental protection.

Finance and Accounting

To improve efficiency and fiscal responsibility, the City and LSSD will collaboratively integrate their respective financial and accounting systems, including creating a dedicated enterprise funds from sewer revenues to ensure that the sewer utility is completely funded.

- Utility Module Finance Software Setup. The City Finance Department will lead the integration of software systems.
 - LSSD and City Finance have been working with Springbrook on the migration.
 - The City has budgeted and will purchase the billing module prior to unification and will work with Springbrook on a migration of customers to the City with minimal inconvenience to the sewer customers.
 - Migration will be covered by the Communication Plan to give customers ample notice.
- Purchaser Update/Bank Setup.
 - After the City purchases the new Springbrook finance software, LSSD will migrate its information into the new system with assistance of a consultant and City Finance.
 - LSSD bank accounts will need to be adjusted and updated to support the new software.

- Sewer Accrual to Cash Basis Reporting. LSSD and the City Finance Department will continue to coordinate on the transfer to a cash-based reporting systems as discussed with the Washington State Auditor's Office, who will continue to serve as a resource. This process will also include closing out LSSD books on their existing Accrual Accounting to transition to Cash Basis Reporting.
- Transition the Cash Basis Accounting. LSSD and the City will coordinate efforts to make the transition to Cash Basis Reporting. LSSD and City will choose a date to close the accounting books for Accrual and begin Cash Basis Reporting on the same date.
- Utility Module/Finance Software Integration/Testing
 - After the City purchases and installs the Springbrook utility module finance software, ITS will work with LSSD to integrate.
 - Springbrook representatives will be involved to assist with integration and migration. LSSD and City will continue to work with Springbrook to ensure minimal impact to customers.
 - LSSD and City will work with Springbrook to choose a go live date. Prior to the go live date, LSSD and City will work with Springbrook to test data integrity to ensure a seamless transition into Springbrook.

Transitional Public Utility Board

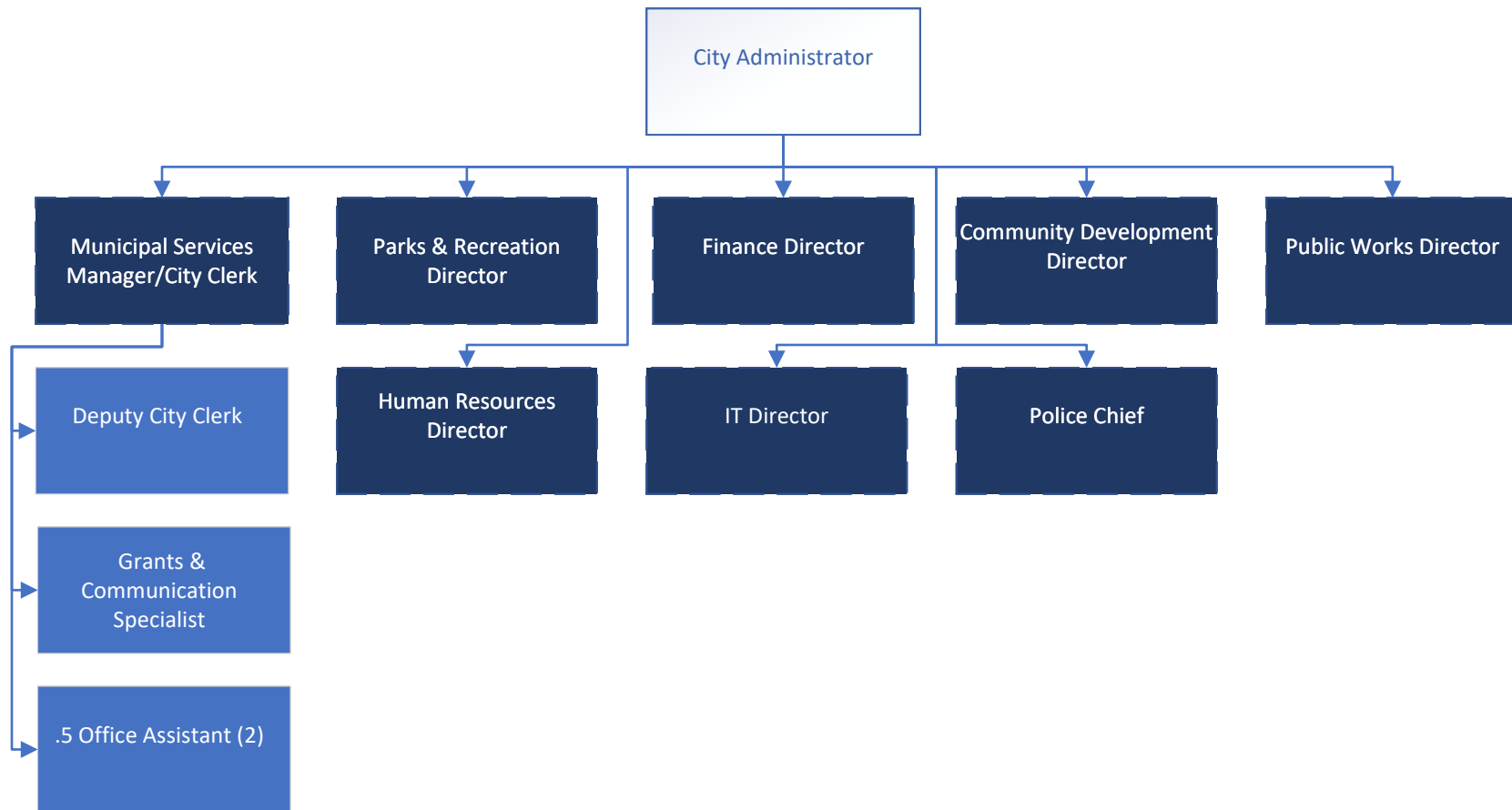
Through discussions at the Utility Committee, it was suggested a board should stay in place during the transition period and beyond. The Transition Committee reviewed this concept and recommended a Transitional Public Utility Board (Board) be created. At the time of transition, the Board will be established with the primary responsibility to advise and make recommendations to the City Council regarding sewer services and rates. The City Council shall take such recommendations under advisement.

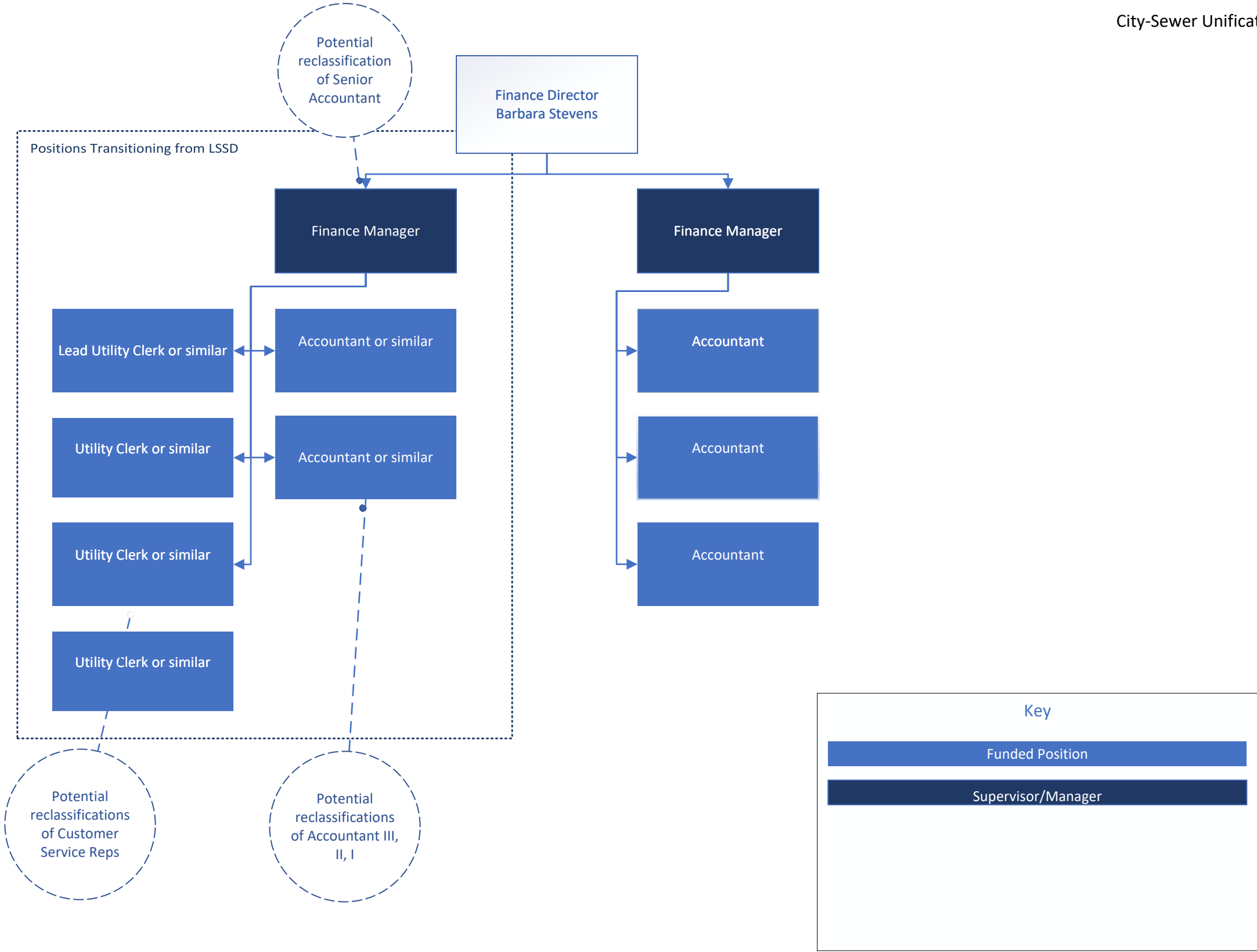
The Board shall consist of five members who reside in the area serviced by the Unified System. The City shall appoint to the Board each member of the LSSD Board of Commissioners who are serving at the time of unification should they agree to serve, and the Councilmembers assigned to the Utility Committee; otherwise, vacancies will be filled using the standard City board and commission process. The Board shall meet at least quarterly for a period of one year after the unification. After one year, from the date of unification, the Board will automatically be dissolved unless extended by resolution of the Lake Stevens City Council.

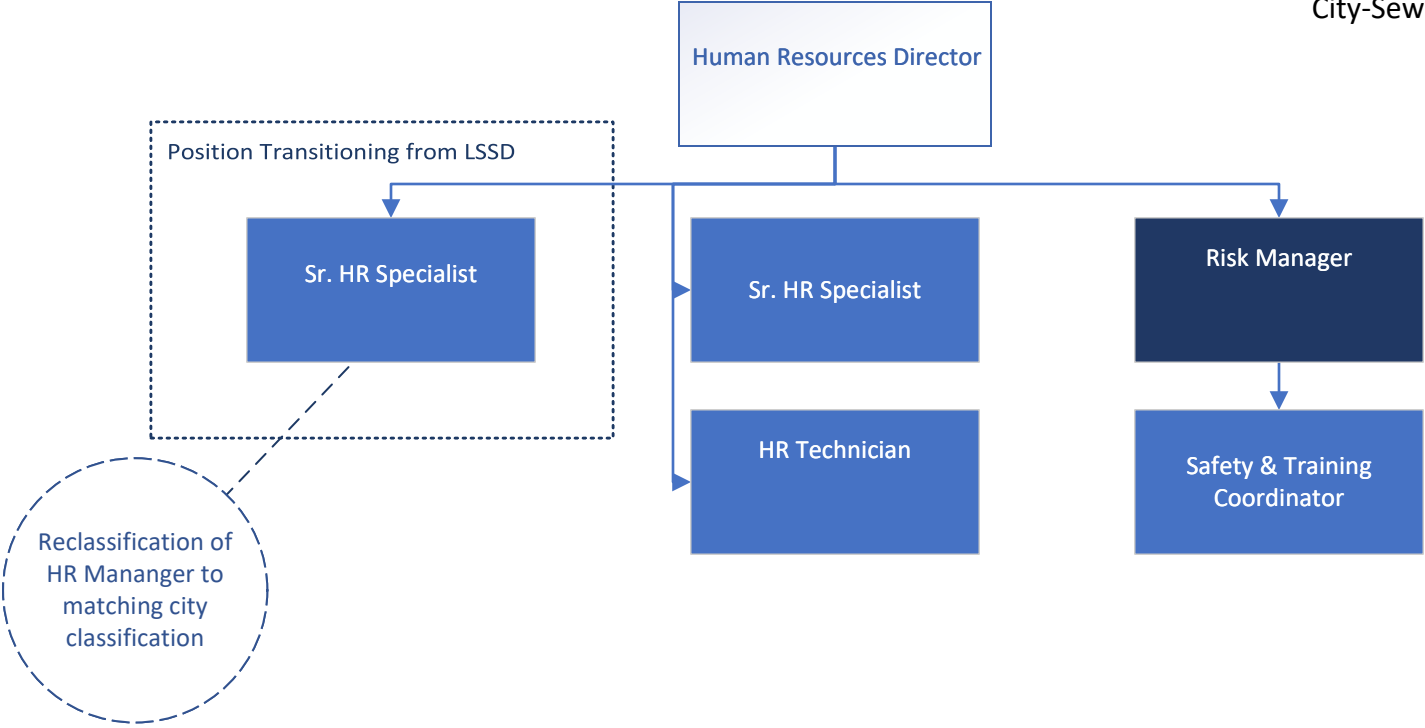
The Board will play a critical role to help maintain continuity of operations and public transparency. The Public Works Director will provide updates at the Board meetings and answer any questions. It's recognized the importance to remain flexible and keep the core values in mind to provide good governance and improve efficiency for ratepayers and city constituents; protect the environment and develop/maintain an efficient workforce.



Goals for Unification– What goals will drive our focus?	Key Strategies – the high-level effort and broad areas of work that need to be accomplished in order to reach the Goals of Unification	Action Plan – how we will implement each of the strategies by identifying resource needs, roles and responsibilities	Task Tracker - How we will keep on track and know we’re progressing toward our Goals for Unification. Identify the current status versus the target - where are we at currently?		
			Task Name	Target Date to be completed	Actual (Last Updated)
Ex. Provide good governance and improve efficiency	Aligning business processes	Collaboratively integrate LSSD and City financial accounting systems	Utility Module Finance Software Setup		

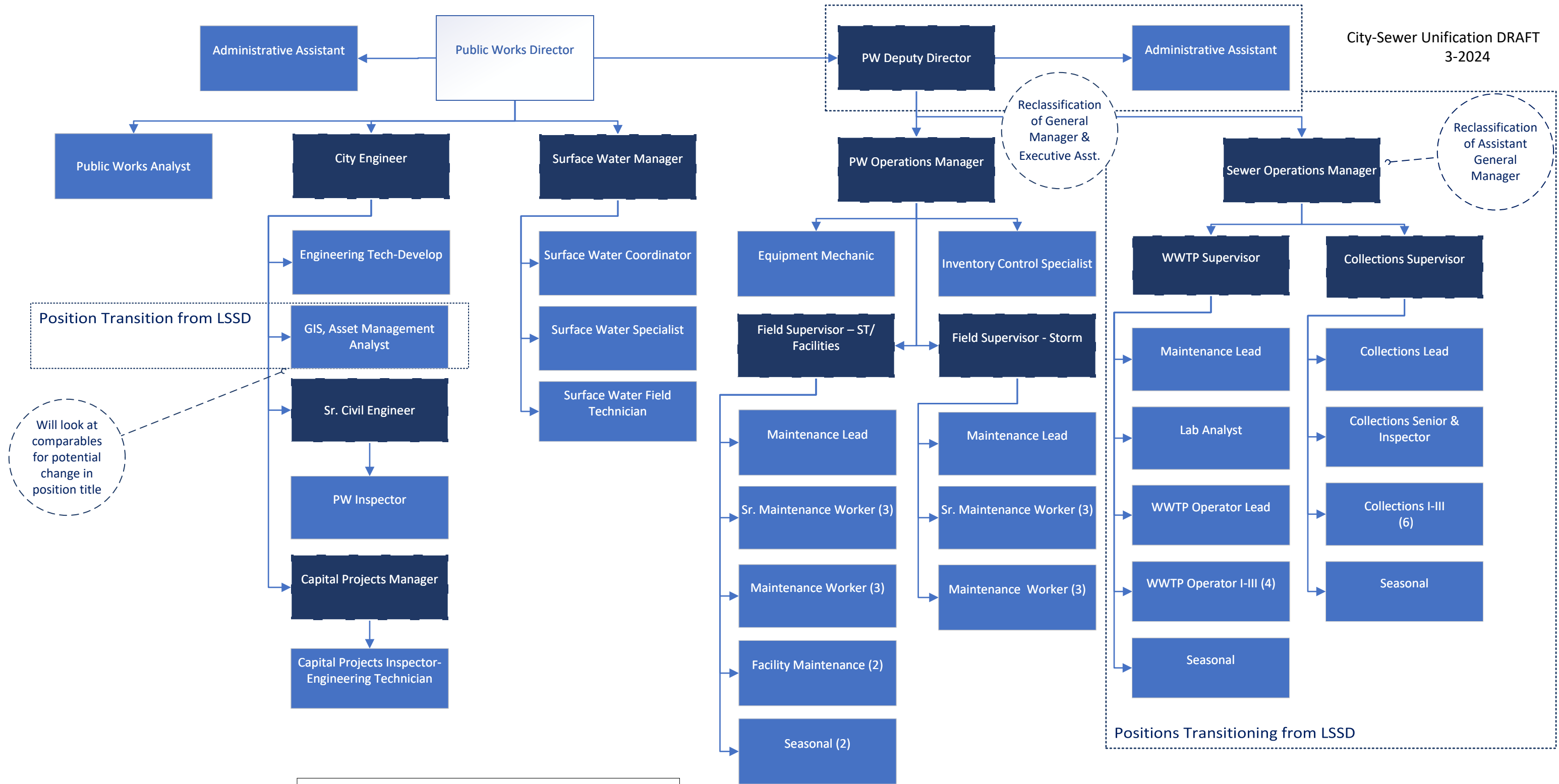






Key

Funded Position
Supervisor/Manager

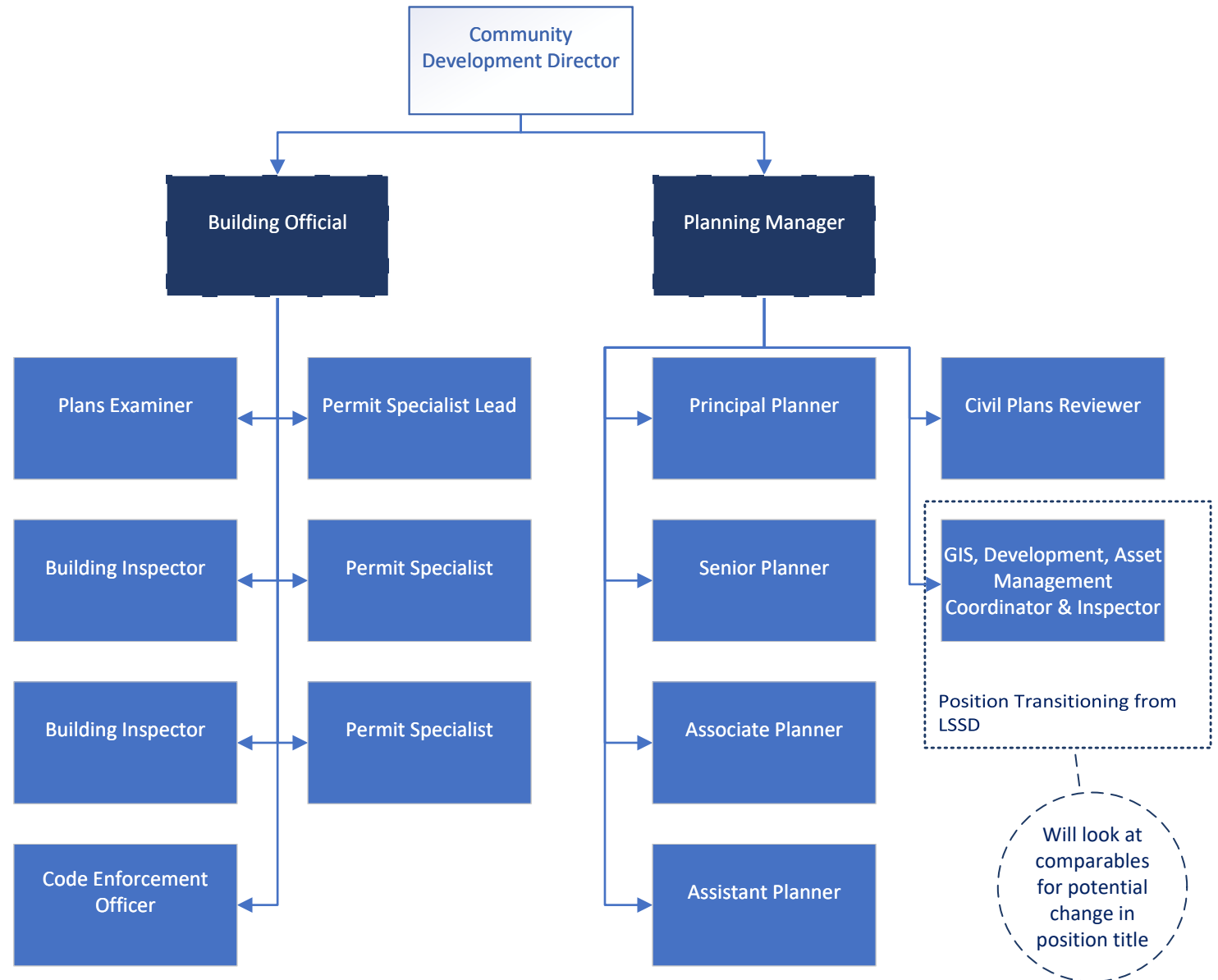


Key

*Reclassification of funded position

Funded Position

Supervisor/Manager





Goals for Unification– What goals will drive our focus?	Key Strategies – the high-level effort and broad areas of work that need to be accomplished in order to reach the Goals of Unification	Action Plan – how we will implement each of the strategies by identifying resource needs, roles and responsibilities	Task Tracker - How we will keep on track and know we’re progressing toward our Goals for Unification. Identify the current status versus the target - where are we at currently?		
			Task Name	Target Date to be completed	Actual (Last Updated)
Ex. Provide good governance and improve efficiency	Aligning business processes	Collaboratively integrate LSSD and City financial accounting systems	Utility Module Finance Software Setup		



Utility Committee Meeting Minutes February 28, 2024 4:00 pm

City of Lake Stevens / Lake Stevens Sewer District
By remote participation via GoTo Meeting, Lake Stevens, Washington

1. **Called to Order:** 4:00 PM by Ryan Donoghue
2. **Roll Call (2.17)**
Attendees Representing the District: Commissioners Dan Lorentzen, Andrea Wright and Kevin Kosche; Staff: Mariah Low and Johnathan Dix.
Attendees Representing the City of Lake Stevens: Councilmembers Gary Petershagen, Ryan Donoghue, City Administrator Gene Brazel, Mayor Brett Gailey and City Staff: Aaron Halverson, Russ Wright, and Anya Warrington.
3. **Public Forum – No Comments**
4. **Information Sharing (4.20)**
 - a. Sewer Assumption Update: Mayor Gailey asked about a recent action taken at a December 2023 meeting leading to District staff salary adjustments. Discussion occurred. Commissioner Wright asked about tabling the item to allow time to get through the full agenda. MOTION. Mayor Gailey made a motion seconded by Commissioner Lorentzen to table agenda item 4 until after item 5. Project Review. The motion passed unanimously.
5. **Project Review (4.20)**
 - a. Project Updates: Mariah Low presented project updates on the projects listed below.
 - i. Biosolids General Permit PCHB decision
 - ii. Capital project – LS 2C Upgrade, gravity main, forcemain. (projects E2-A, -B, -C, 2022)
 - iii. Capital project – LS 5C Decommissioning (project E4, 2022)iv.
 - iv. Capital project – LS 4C Rehab (project E4, 2022)v.
 - v. Capital project – LS 6C Rehab (project E4, 2022)vi.
 - vi. Capital project – LS 11 Rehab (project G4, 2022)vii.
 - vii. Capital project – 131st Ave NE (project E5-B, 2025)viii.
 - viii. Capital project – Machias New LS E8 and forcemain (project E8-A, 2027) Annexation & DEA6.
6. **Action Items**
 - a. Approval of Meeting Minutes-January 17, 2024- MOTION. Councilmember Gary Petershagen made a motion seconded by Commissioner Wright to approve the meeting minutes as presented. The motion passed unanimously.
7. **Revisiting Item 4**
 - a. Discussion continued on item 4. The future of subcommittee meetings between the District and the City was discussed. No action taken.
7. **Schedule the Next Meeting (7.2)** Monthly meetings were agreed upon and will be the fourth Wednesday of each month. The next meeting will be March 27, 2024 at 4:00pm
8. **Adjourn – MOTION.** Commissioner Lortenzen made a motion seconded by Mayor Gailey to adjourn the meeting. The Motion passed unanimously. The meeting adjourned at 4:51pm.

2024 Utility Committee Chair:

Ryan Donoghue, City of Lake Stevens

DRAFT