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

**MINUTES OF SPECIAL  
COMMISSIONER MEETING ON  
January 28, 2019 at 3:30 PM**

**JOINT CITY AND SEWER DISTRICT MEETING  
Location: Lake Stevens Sewer District Office  
1106 Vernon Rd Suite A, Lake Stevens, WA 98258**

**Attendees:** Commissioners Dan Lorentzen, Mariah Low and Kevin Kosche; General Manager Tonya Christoffersen, Johnathan Dix and Mickie Cooper.

**From the City of Lake Stevens:** Councilmembers Gary Petershagen and Marcus Tageant, Mayor John Spencer, City Administrator Gene Brazel and Kathy Pugh.

**1. CALL TO ORDER** – Commissioner Kosche called the meeting to order at 3:30PM. There was some discussion on who chairs the meeting this year. Commissioner Kosche talked about how the agenda would go out in draft form. Marcus Tageant added to start the agenda for the next meeting at the current meeting. Tonya stated that we did not title this as a Utility Committee meeting, but as a joint meeting to go over the agreement. Mayor Spencer asked if the District needs to post for these meetings and Tonya stated yes due to having more than one commissioner in attendance. Commissioner Kosche asked if anyone had any changes to the agenda. Mayor Spencer stated franchise fee is not ready for this meeting. Commissioner Kosche talked about who will be participating in the meetings should be acknowledged at the beginning of the meeting. Mayor Spencer stated the City will put the staff member name of who will be discussing in parenthesis next to the item on the agenda. Commissioner Kosche stated he liked that idea.

**2. PUBLIC FORUM** – None

**3. INFORMATION SHARING: Planning, Coordination and Management**

A. Unified Sewer Services and Annexation Agreement – Commissioner Kosche talked about his desire to improve the relationship between the District and City. He is highly motivated to change it and stated that if he did anything to not have the relationship move forward positively, he apologizes for that. Mayor Spencer agrees we need to go through the 15 items and should be on the regular agenda as he does not feel we will get through all 15 today. He stated there is substantial difference of opinions between the District and the City on the Interlocal Agreement sections and maybe have the attorneys sit down and talk without staff and elected officials. Commissioner Kosche states that makes sense since we are not experts. He added he did not want to have the attorneys here at this meeting as our relationship is estranged. Mayor Spencer stated he went through the items from the letter again for this meeting trying to take them at face value and stated that at some point we need to talk about the role and purpose of the Utility Committee. Commissioner Kosche stated they need to get through the contractual points, some are pretty cut and dry some are not. Looking at the contract, its literal, in conjectural, what was the intent, how has it been interpreted in the past. He added let's get through the ones we agree on, let the attorneys talk on the ones we don't and do those disagreements matter for going forward. Commissioner Kosche stated Utility Committee meetings should go through it, then let the attorneys have it. Mayor Spencer stated City agrees,

ultimately the City still wants unification but is willing to set that aside for now so the Utility Committee could go through this. Commissioner Kosche that he would like to see the relationship strong, to a point where the District will approach the City for unification and says hey let's accelerate the unification. Commissioner Kosche asked what actions he could take or stance to make this the end goal. Mayor Spencer asked for a timeframe, Commissioner Kosche stated putting a timebound on improving the relationship is hard.

Commissioner Kosche stated it makes sense to just go through the items on the letter and address each of them. Councilmember Petershagen stated he would prefer to start from bottom up, starting with the easiest.

Item 15 Insurance Coverage: Gene Brazel stated Tonya Christoffersen gave him the Districts insurance information and that he needs to get with the City's insurance provider and have them review it. He added the agreement states this need to be looked at every year. Commissioner Kosche stated check, moving on to Item 14.

Item 14 Employee Transition: Mayor Spencer stated this is transitioning the District employees to the City. Commissioner Kosche stated that is a part of step 2 and we are in step 1. Mayor Spencer stated it is debatable whether we are in step 1 or 2.

Item 13 Utility Committee: It was agreed that this would be tabled for now.

Item 12 Coordinated Plans: Councilmember Petershagen stated we have already been doing this. Tonya stated she feels the most part we are doing this. Mayor Spencer talked about the Districts CWIP and about amending the capital plan of the comp plan. Which capital projects need to be done to bring Discussion Item D out of moratorium. Mayor Spencer stated he has heartburn about the City lift station upgrades. Tonya added she has sent some items to Gene, and the District needs information from the City. Mayor Spencer stated in 2018 the City changed their density. Tonya asked when the District could get on the City's docket, Johnathan added he has more meetings with Russ Wright to go over the revised growth estimates. Gene stated to get with Russ on getting on the docket. Commissioner Kosche asked if there was any angst, Mayor Spencer replied yes, no fault with the current board although in his experience bringing City projects forward, the past District Commission has deflected the City on moving projects forward. The City has felt the past Commission just wanted City to go away and just let them do what they want. Mayor Spencer stated the two entities should be looking at these projects together for the whole community, the City needs more commercial and how can we work on this together and what are the financial impact on both entities. Commissioner Low asked if a standard line item on the agenda would work. Mayor Spencer stated we need protocols for these types of things. Commissioner Kosche added he has a structured agenda that could take care of items like this and would like to try using this first. Councilmember Petershagen stated the Utility Committee is the arena where these discussions should be happening. Commissioner Kosche noted City and District have more projects than funding, how are we going to stretch to get them done, we all have common interest, we live and or work in this community and love this community. Mayor Spencer wanted to move up discussion of downtown sewer capacity and how do we approach the industrial area. Commissioner Kosche stated we need to put as much on the table and then prioritize them.

Item 11 Written Protocols and Standards: Mayor Spencer stated that Gene has started on protocols from the Unification Agreement Section 4.20 which is more that what we have time to discuss here. Commissioner Kosche passed out a draft agenda meeting protocols, which everyone reviewed. Mayor Spencer stated that item 7 (Standardization of sewer specifications) caught his eye, the City would adopt District specifications, and this is a work item not an agenda item. Commissioner Kosche noted having it on the agenda keeps it fresh for everyone.

Councilmember Petershagen stated the District sets the standards and the City should adopt those standards. Mayor Spencer stated there may be some differences that would need to be discussed. Gene added staff on both sides are working together to make sure the standards will be good for the future. Mayor Spencer asked if item 8 (Development review) on the draft agenda meeting protocols is for City development or developer development. Councilmember Petershagen stated this should be in the developer world where sewer and storm water are standard, and both parties should be reviewing development plans. He asked if Gray & Osborne reviews the plans on behalf of the District and Tonya stated yes, they do and so does Johnathan. Councilmember Petershagen asked if the engineers were doing the reviews from Seattle, how do we coordinate to have the review done with the City staff as well. Commissioner Kosche asked how this would look. Tonya stated when developer comes in, the District would schedule a meeting with City staff. Mayor Spencer stated we need to have one stop shop; the District needs to hire additional staff for the preliminary reviews and just have the consultant do the bigger overall review. Tonya noted the District needs to get a signed CBA before hiring additional staff. Gene stated that he has faith Johnathan as inhouse staff could do the plan reviews and not use a consultant, he could coordinate the plan reviews with the City. Tonya stated she agrees although until the CBA is signed the District cannot hire more staff. Commissioner Kosche stated it sounds like we are in agreement. Johnathan stated the District has moved away from the original process; previously the District would not move forward until preliminary plat approval from the City and then the District would approve plans and DEA, the sequence has veered off track. Mayor Spencer stated we need a flow chart for one stop shop. Commissioner Low added since we are aligned, we should have staff come back at next meeting on how to execute the plan.

Commissioner Kosche asked if everyone was good with this draft agenda meeting protocols and Mayor Spencer stated he would like some time to review it and possibly come back with some comments. Commissioner Kosche stated this is a partial check mark, pending the City's review.

**Item 10 Industrial Wastewater Pretreatment:** Mayor Spencer stated this is just a report needed to educate the City. Tonya asked if it would be beneficial to sit down with someone and go over it. Gene stated the FOG program and the industrial pretreatment are similar. Johnathan noted currently the District only has one industrial user (Evergreen) and the District would treat all industrial users the same. Tonya added we could enhance the information on the website. Councilmember Petershagen asked if the District has an industrial policy. Johnathan stated its part of the FOG program policy. Mayor Spencer ask if ecology requires policy and Johnathan stated only the pretreatment (Evergreen). Commissioner Kosche stated the District would get more information out about the FOG program and the industrial pretreatment.

**Item 9 Contracts, Loan Agreements and Other Debt Obligation Instruments:** Mayor Spencer stated he believes the attorneys need to talk this on out. Commissioner Low stated we will table this.

**Item 8 Quality Assurance/Control Workshops:** Mayor Spencer stated there is not an issue with this just that the City wants an invitation to be at the table for major capital projects for QA/QC.

**Item 7 Industrial Zone Expansion Projects:** Mayor Spencer stated this was discussed earlier as part of the comp plan and agree to move forward with discussion.

**Item 6 Utility Committee Recommendations on DEA's:** Mayor Spencer stated this is about developer plan reviews and we should have one stop shop. Gene stated this system is ours (all of us City and District), Gray & Osborne is consultant and, in his opinion, our inhouse staff should be making the recommendations to the Board, as employees we have a vested interest

in the system. Mayor Spencer stated pretty strongly this needs to change. Commissioner Kosche stated this seems to be a core concern, who is presenting what at the public meetings. Gene stated that consultant have their own interest they are looking out for, not necessarily the Districts, not saying they are doing anything wrong, just they are looking at keeping their job. Commissioner Kosche noted we hear the concern and will take it back for review. Commissioner Kosche stated coming back around to the Utility Committee reviewing DEA's. Mayor Spencer stated this is primarily informational for the City, but they might have something going on and want to put the brakes on a specific DEA. Councilmember Petershagen asked if Anderson Hunter is preparing all of the DEA agreements and Johnathan replied they review them. Councilmember Petershagen asked if Anderson Hunter reviews them all, and Johnathan stated yes, to which Councilmember Petershagen stated this seems excessive to have them reviewing all DEA's. Councilmember Petershagen stated he does not understand why the process needs to be so complicated, why the attorney needs to review everything, why does the District just use a boiler plate agreement. Commissioner Kosche stated we will take that back and look at it. Gene added he would like to have them on the consent agenda. Commissioner Kosche noted they can go over the procedures and how to stream line.

Item 5 Utility Agreement Fee: Mayor Spencer stated sometime 6 years or so, the attorney said it would cost more money to create the document, why not do a utility tax. Tonya talked about the elaborate spreadsheet the City has done in the past to come up with the Utility Agreement Fee. It was agreed upon to table this and come back to it at a later meeting.

Item 4 Easements: Gene stated he is a rule follower and why do the easements not call out the City as the assignee, moving forward they should transfer back to the city with no need to go back. Tonya stated that all the easements have the standard language shall be binding on the successors, heirs and assigns. She added there are 68 with this legal language. Commissioner Kosche stated for the relationship going forward we will use language that states the City is a future assignee on all easements going forward. Agreed. Mayor Spencer stated there had to be an implication for the agreement to spell out the City as a designee.

Items 3 Franchise Fee: It was agreed this item would be tabled for now.

Item 2 Annexation Covenants: Mayor Spencer asked about the language. Gene stated it should be similar to Rhodora Heights annexation language; plat recorded lots 1 through X has statement stating they cannot contest annexation into the City. Johnathan sent copy of Mountain View Annexation to Russ and it is his understanding that Russ has sent it to the City's legal counsel. Tonya asked if the HOA has the language in it do we need it. Mayor Spencer stated language needs to be in the plat recording and language in DEA to not contest annexation into the City. Commissioner Kosche stated we think we are okay but need to verify. It was agreed to table this item and revisit it later for language that needs to be used.

Item 1 (B) Property Located in the 1900 Block of Vernon Rd: Tonya gave a history of events for the sale of this property. District Lift Station 15 and the house were recorded as part of the sale as soon as the District realized there was a recording error, we contacted the title company and they drew up new documents to be signed. The buyer stated his bank needed to sign off on this first, which BECU did although the buyer himself refused to sign them. The District placed a legal hold on the property so buyer could not sell it until this matter is completed. Currently the buyer is on his third attorney trying to sue the District for \$40k. Commissioner Kosche stated the District is going for a summary judgement.

Item 1 (A) Old Wastewater Treatment Plant site: Mayor Spencer stated this is part of the issue with the old plant. Commissioner Kosche stated surplus property sewer system or not, is it a part of the agreement. Mayor Spencer stated staff has potential uses for old plant site.

Commissioner Kosche stated it is the intent of the District to do the due diligence and have full disclosure on what can and what cannot be done with the property then the District will present it the City with timeframe of whether they want the property or not, then the District would go forward.

Items 9 and 13: Commissioner Kosche stated 9 and 13 come down to a legal discussion. Mayor Spencer stated we should let the attorneys have that conversation before the Utility Committee has more conversation on it. Councilmember Petershagen requested to not have this discussion prolonged, to give the attorneys a deadline of two weeks, to make it a priority. Commissioner Lorenzen stated the Districts attorney Brad Cattle has been in Washington DC and the District had done some due-diligence and it is important to have something from the attorneys before the next meeting scheduled in February.

- B. Franchise Fee and Utility Agreement Fee – it was agreed to table this item for now as discussed above.

#### **4. DISCUSSION ITEMS:**

- A. Costco Site – Mayor Spencer stated that Costco is still planning on discharging to the lift station. He stated the City has talked about when the city builds the roads, the District should put dry lines in for future growth. The City met with Costco last week and they have come to some understandings and Costco will get back to City soon.
- B. SR 9 and 204 – Mayor Spencer commented he has seen the new designs and it is substantially different from the earlier design. He stated WSDOT is looking at roundabouts at the SR9/SR204 intersection and a Davies Road redesign with another roundabout at Vernon Road and 91<sup>st</sup> Avenue. Mayor Spencer commented that the business community seems to be more favorable with this design as the visibility into Frontier Village will be better. He added there are only two businesses that have concerns; Chevron and Razzles, they are concerned about the access to their businesses and WSDOT is working on those concerns. Commissioner Kosche asked does the District needs to go forward with their plans or is the District good. Johnathan Dix stated the preferred alternative would have no impact on the sewer line and will not need to be relocated.
- C. Rhodora Heights Annexation – Mayor Spencer stated the City has filed papers today to dismiss the appeal. There is a challenge with the Boundary Review Boards decision. He stated that with the one property removed, the annexation still has the 60%.
- D. Future Construction of Downtown and the Sewer Moratorium – Mayor Spencer stated the downtown project is moving forward and the City staff has done a great job moving the project forward. He added the dominoes are moving into place, the Family Center will move to the Visitor Center which will create path for trucks to come in/out for the grading work. He added the City is working on the police station and hopefully will get the library in there in the future. Gene stated he has been talking with the historical society and they are willing to work on a new building. He added the City has first right of refusal on a parcel near north cove, and the Williams property tenants have 90 days to vacate. Gene stated they will be cleaning up the shoreline and the water way removing old furniture and appliances, then do some restoration. Gene stated they should have boat dock with space for about 6 boats. Commissioner Kosche stated that is exciting. Gene added that Council will get to see the building plans soon. Mayor Spencer commented on the next stage and Gene added the City is hoping to get structure up by Aquafest, although it will not be finished by Aquafest. Tonya stated she has seen some post about the American Legion War Memorial and asked if the City has a place for it. Mayor Spencer replied the City would be moving it over by where current Family Center is located along with making a festival road to it for future gatherings. Gene talked about how it was originally built to be moved.

**5. SCHEDULE THE NEXT MEETING:**

A. February 19<sup>th</sup>, May 28<sup>th</sup>, August 27<sup>th</sup> and November 26<sup>th</sup> – Commissioner Kosche discussed if the committee believes more meetings are needed then we could discuss it. Marcus stated monthly meetings would be more appropriate due to all the work they need to do. Mayor Spencer agreed. Commissioner Kosche stated that we can talk about it during February meeting after they hear all the attorney information. Mayor Spencer asked if there is a meeting in March would it be on a Tuesday and Tonya stated that Commissioner Kosche is gone that week so we would have to move it to another day. Councilmember Petershagen stated they will be gone the week prior. Mayor Spencer stated Tuesdays are best just because the council has meetings that evening. Commissioner Lorenzen asked if they would be 3:30 or 4:00 PM and Tonya replied 4:00 PM, this meeting was scheduled earlier due to the number of items to discuss.


**6. CONCLUDE** – Commissioner Kosche concluded the meeting at 4:56 PM with no action taken.

Signed in a regular open public meeting this 14<sup>th</sup> day of February 2019



  
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Dan Lorentzen, Commissioner

  
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Mariah Low, Secretary and Commissioner

  
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Kevin Kosche, President and Commissioner