

LAKEHAVEN UTILITY DISTRICT
King County, Washington

REGULAR BUSINESS MEETING
September 14, 2006

A regular meeting of the Board of Commissioners of the Lakehaven Utility District, King County, Washington, was held on September 14, 2006 at Lakehaven Center, 31531 First Avenue South, Federal Way, Washington, 98003.

President Tweddle opened the meeting at 6:00 p.m. and asked Commissioner Miller to lead in the flag salute. Members/officials present were as follows:

Beverly Tweddle	President of the Board
Don Miller	Vice President of the Board
Ron Nowicki	Commissioner
Ed Stewart	Commissioner
Don Perry	General Manager
Bert Ross	Engineering Manager
Steve Pritchett	General Counsel
Morgan Dennis	Director of Finance/Information System

APPROVAL OF MINUTES

Upon motion of Commissioner Nowicki, which was duly seconded by Commissioner Stewart, the Board unanimously **adopted** the minutes of the August 10, 2006 Board meeting as submitted.

APPROVAL OF AGENDA

Upon motion of Commissioner Miller, which was duly seconded by Commissioner Stewart, the Board unanimously **approved** the evening's agenda as submitted.

CITIZENS COMMENTS

Linda Forsberg was in attendance to request a change on documents that related to a discussion that would be addressed later in the meeting.

CORRESPONDENCE

Commissioner Nowicki pointed out several tasks that the Washington Association of Sewer and Water Districts (WASWD) perform through their legislative lobbyist and referred to the letter he received from Hal Schloemann, the Executive Director of the association, copies of which had been provided to the other Board members. He noted that he intended to attend some of their meetings in order to obtain information about their lobbyist's activities.

Commissioner Miller stated that he had asked Mr. Dennis to explain a voucher that was in the packet for consideration by the Board prior to addressing the Consent Agenda items, which he did. A brief conversation followed after which the Board moved to the Consent Items.

CONSENT ITEMS

1. Accounts Payable Vouchers and Payroll Transactions with the warrant dates of 8/22/06, 8/28/06, 8/29/06, 8/30/06, 8/31/06, 9/1/06, 9/7/06, 9/8/06, 9/14/06 and 9/15/06
2. 2006-2007 Lobbyist Contract
3. South 373rd Street Bridge – Pay Request #3
4. Server Room Relocation Project

Upon motion of Commissioner Nowicki, which was duly seconded by Commissioner Stewart, the Board unanimously **approved** the Consent Items as presented.

ACTION ITEMS

#80, Board Vacancy: Commissioner Tweddle stated the reason for this item being on the agenda was due to the recent resignation by Commissioner Jovanovich. She then reviewed the process that was followed during the recent appointment process. Since the previous process was so recent, it was the consensus of the Board to consider the two finalists that were interviewed during the last exercise.

At approximately 6:25 p.m. President Tweddle recessed the regular meeting for the purposed of conducting an Executive Session to consider the qualifications of two candidates for appointment to the Board of Commissioners. It was stated that the Executive Session would last approximately 10 minutes. At approximately 6:35 p.m., the Executive Session was adjourned and the regular session was reconvened.

At that point, Commissioner Miller made a motion to appoint Charles Gibson to the Board and Commissioner Stewart seconded the motion. The Board then unanimously **approved** appointing Charles Gibson to the Board of Commissioners. Commissioner Tweddle indicated that she would contact each candidate and a letter will follow.

At this point of the meeting, it was the consensus of the Board to address the Correspondence portion of the meeting as someone was in the audience to address the Board.

CORRESPONDENCE

Mr. Ross began the discussion by providing relevant information to the Board in addition to the information in the agenda packet to facilitate the discussion. He stated the discussion related to connection charges for water service to a particular piece of property, one side that was adjacent to a developer extension project and the other side being adjacent to a pipeline installed

by a ULID, although the property was outside the ULID's boundary. The issue was to determine the connection charges for the property in question. A discussion followed and Linda Forsberg, sister to the person requesting connection, was in attendance to provide any assistance. Staff reviewed the history surrounding the property and provided a proposed conclusion and staff recommendation. Subsequent to the discussion and based on the information provided, it was noted that this item will be considered on the Consent Agenda at the next Board meeting on September 28, 2006.

ACTION ITEMS (cont.)

#81, Election of Board Secretary: Commissioner Tweddle stated that since Commissioner Jovanovich had served as the Board Secretary, it would be necessary to appoint someone else to this office, to serve through the remainder of 2006.

Upon motion of Commissioner Miller, which was duly seconded by Commissioner Stewart, the Board unanimously **appointed** Commissioner Nowicki to fill the vacant position of Board Secretary through the end of the year.

#82, Special Board Meeting – Facility Tour: Scheduling a special meeting to be held during the day had been previously discussed. Subsequent to the discussion at this meeting, it was the consensus of the Board to defer this item until Mr. Gibson joins the Board to determine the best time and day in which to schedule the meeting.

#83, Redondo Solids Handling Building Make-Up Unit: Chris McCalib, the District's Assistant Wastewater Treatment Plant Supervisor, presented the item. He explained that the current internal burner and components are deteriorating and causing toxic air conditions in the belt press area when the unit is running in the heating mode. Staff solicited bids from the Small Works Roster to replace the unit and two bids were received. Mr. McCalib went on to explain the bid results as well as clarify the need for the unit and its use. Subsequent to further discussion, the Board considered this item.

Upon motion of Commissioner Nowicki, which was duly seconded by Commissioner Miller, the Board unanimously **approved** awarding the contract for the Redondo Solids Handling Building Make-Up Unit project to Universal Refrigeration for an amount of \$48,739.14, including sales tax and also **authorized** the General Manager to execute the contract on behalf of the District. The Board thanked Mr. McCalib for the presentation.

#84, 2006 Spare Booster Pumps Purchase: Stan French, the District's Water Quality/Production Engineer, presented this item. He stated staff had determined that it would be beneficial to purchase spare booster pumps to keep in inventory for the District's three booster stations to reduce down time and stress on the water system if a failure should occur. Staff advertised for bids and only one was received. Inquiries were made to several of the vendors that did not respond; one of the respondents stated they were too busy and had no time to spend on this project and others indicated they could not supply the pump that was required to

match the specifications for these stations. He then stated that the one vendor who did respond provided a bid that was very close to the engineer's estimate. A discussion followed and subsequent to the discussion, the Board considered this item.

Upon motion of Commissioner Miller, which was duly seconded by Commissioner Nowicki, the Board unanimously **approved** awarding the bid for the 2006 Spare Booster Pumps Purchase to PumpTech Inc. in the amount of \$62,962.56, including sales tax and also **authorized** the General Manager to execute the contract on behalf of the District.

#85, Well 34M Nested Piezometer Construction (Well 33 Development Project):

Mr. French also presented this item to the Board for consideration. He began by reviewing that the first drilling effort left an abandoned well. District staff had discussed a possibility with staff of Robinson, Noble & Saltbush Inc. (RN&S), the hydrogeological consulting firm retained by the District, of converting the uncompleted well into an observation well that would be utilized for the OASIS project, as the uncompleted well had penetrated the Redondo-Milton Channel and the Mirror Lake Aquifers. He went on to explain this potential project; it was noted during the discussion that this is a great opportunity to utilize the abandoned well in addition to saving drilling costs for a future monitoring well. He then explained what was involved in the requested change order from RN&S as well as the cost estimate of a change order from Holt Drilling/Boart Longyear Company to convert the unfinished well into a multi-level nested Piezometer well.

Upon motion of Commissioner Nowicki, which was duly seconded by Commissioner Stewart, the Board unanimously **approved** the construction of Well 34M and **authorized** the General Manager to execute the Change Order Agreements with Robinson, Noble and Saltbush for the amount of \$18,111.00 for construction management during the conversion of the abandoned test well, as well as with Holt Drilling/Boart Longyear in the amount of \$33,243.00, excluding sales tax, to perform the construction conversion task. By their same vote, the Board **authorized** the General Manager to execute these documents on behalf of the District.

INFORMATION ITEMS

#1, 2007-08 Budget Workshop: Mr. Dennis began the presentation by providing the Board with a proposed timeline for discussion of the next budget. He reviewed the components of the budget process, which were comprised of staffing, operations and maintenance, capital improvement projects, capital facilities charges and rates. He indicated that he hoped to have Ed Cebron of FCSG attend one of the meetings in October to discuss the rate model with the Board. He added that a meeting with the Finance Committee would be scheduled soon and staff hoped to have the proposed budget to the Board for adoption in November. Mr. Dennis then proceeded to provide an overview of each of the components of the budgeting process. A discussion was held and questions were answered. During the discussion, Mr. Pritchett noted the importance of the Capital Facilities Charges (CFC's) calculation, its philosophy and how it is then applied to the District's new customer base. Also discussed was the current CFC monitoring program for capacity usage and how that issue will be addressed in the future. Commissioner Nowicki expressed his wish to have the Finance Committee become more involved in the budgeting

process and suggested scheduling committee meetings to accomplish this task. Subsequent to the discussion, the Board thanked Mr. Dennis for his presentation.

#2 Lakota Lighting Conservation Project: Mr. McCalib made the presentation on this item, which was an update on the ongoing project that had been initiated and approved by the Board in 2005. He went on to review the context of the program and report on the progress, to date. He then explained Puget Sound Energy will be conducting a final inspection to verify the projected energy savings are in compliance with the Conservation Grant Agreement. The District should be reimbursed \$58,865.00, which is approximately 50% of the costs of the conservation measures. He noted that the Conservation Grant Agreement required approval and signature by the District before completion of the project. During the discussion, Mr. Pritchett pointed out some areas of the agreement about which he had some issues. He explained these to the Board and, subsequent to the discussion, it was the consensus of the Board to address this item on the Consent Agenda at the next Board meeting.

COMMITTEE REPORTS/COMMISSIONER COMMENTS

Commissioner Nowicki reported he had visited the Redondo Wastewater Treatment Plant and intended to visit the Lakota Plant as well. He indicated that he had been very impressed with staff at the plant. He then reported his intent to attend a WASWD meeting as well and hoped to glean early information relative to lobbying activities. Commissioner Stewart reported he had attended the NIMS training and found it to be interesting and confusing. Mr. Perry indicated that based on the recent training, District staff will need to revise the District's Emergency Management Plan. Commissioner Miller reported he had recently attended both Safety Committee and EMAC meetings and felt both had been beneficial. He reported on some vandalism that had recently taken place which resulted in some stolen equipment from the District's main campus.

STAFF REPORTS

General Counsel: Mr. Pritchett first referred the Board to a letter he had received from an attorney relative to an issue with a proposed easement in the Adelaide Beach area. He next reported he had recently met with Commissioner Nowicki and they had discussed some of the things that new commissioners face. He added that since there would soon be two new Board members, he intended to spend some time at a future Board meeting to review the Open Public Meetings Act and the Public Records Act in detail so Board members will know what their responsibilities are. He added that there continues to be new regulations and attitudes that have come out in both of these areas and he felt it is important that the Board be made aware of them. He went on to propose a presentation on these two issues at perhaps the first meeting in December, after the budget is adopted. He then reported there would be a notice in the local newspaper regarding the appointment of Mr. Gibson to the Board.

Director of Finance and Information Systems: Mr. Dennis reported that it was time to think about replacing the current utility billing software as this system has been in place for six

years. He provided a cost estimate and noted staff would be reviewing the possibilities carefully. He stated that staff spends a lot of time keeping the current system going and added it has been outgrown.

Engineering Manager: Mr. Ross reported he had seen a demonstration of three of the large format copier/printer/scanners and noted the costs were much less than had been previously anticipated. After careful reflection, he stated staff had made a choice as to which one would meet the needs of the employees. He shared the proposed cost of the device and noted he felt it would last for the next five years.

General Manager: Mr. Perry reported that there had been a main break the previous Friday on 21st Avenue Southwest; he added that no customers had been without water during this time. He then acknowledged the various local agencies for the assistance they had provided to District staff during this time. He then reported that a tour of the Second Supply facilities was scheduled for November and noted he understood that elected officials from other agencies would be attending the tour. Mr. Perry then stated he was proud to report that District staff had received the last permit that was required to allow the District to send out bids for the Redondo outfall pipe. He noted that the Corps of Engineers had worked on the permit and he felt staff had been fortunate to receive it sooner than anticipated. He then provided a brief overview of this project noting staff was anticipating sending out requests for bids in November for a planned installation in July, 2007.

EXECUTIVE SESSION/CLOSED SESSION

At approximately 8:49 p.m., the regular meeting was recessed to conduct an Executive Session for the purpose of discussing potential litigation. It was estimated that the Executive Session would last until approximately 9:15 p.m., thus extending the length of the Board meeting. At approximately 9:14 p.m., the Executive Session was adjourned and the regular meeting was reconvened.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at approximately 9:15. p.m.

President Tweddle

Yea

Nay

Abstain

ATTEST:

Vice President Miller

Yea

Nay

Abstain

Commissioner Stewart

Yea

Nay

Abstain

Commissioner Nowicki

Yea

Nay

Abstain