

LAKEHAVEN UTILITY DISTRICT  
King County, Washington

REGULAR BUSINESS MEETING  
December 14, 2006

A regular meeting of the Board of Commissioners of the Lakehaven Utility District, King County, Washington, was held on December 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 Mr. Dennis 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	Secretary of the Board
Ed Stewart	Commissioner
Chuck Gibson	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 Miller, the Board, with Commissioners Nowicki, Miller, Stewart and Gibson voting in the affirmative and Commissioner Tweddle abstaining, **adopted** the minutes of the October 25, 2006 as presented. Upon motion of Commissioner Nowicki, which was duly seconded by Commissioner Miller, the Board unanimously **adopted** the minutes of the October 26, 2006 and November 11, 2006 Board meetings as submitted.

APPROVAL OF AGENDA

Upon motion of Commissioner Miller, which was duly seconded by Commissioner Nowicki, the Board unanimously **approved** the evening's agenda as amended below:

1. Action Item #103; Schedule Special Board Workshop – City of Edgewood Sewer Agreement; discuss the proposed workshop portion of this item at this meeting.
2. Action Item #106, Sewer Re-Survey Results – Sub Area (South Five-Mile Lake); defer this item, if necessary.
3. Action Item #109, Board Election of Officers; defer this item to the next meeting.
4. Information Item #1, Lakota Beach Sewer Project – Confirm CPILOE's; defer this item unless there is sufficient time at this meeting for discussion.

5. Information Item #3, Water Conservation Education Program; defer this item unless there is sufficient time at this meeting for discussion.
6. Information Item #4, OASIS – Hydrogeological Services Contract; defer this item unless there is sufficient time at this meeting for discussion.

CONSENT ITEMS

Upon motion of Commissioner Miller, which was duly seconded by Commissioner Gibson, the Board unanimously **approved** Consent Items as presented below:

1. Accounts Payable Vouchers and Payroll Transactions with the warrant dates 11/14/06, 11/27/06, 11/28/06, 11/29/06, 11/30/06, 12/08/06, 12/13/06, 12/14/06, and 12/15/06.

**Maintenance Fund No. 11-333-0510**

11/14/06, voucher nos. 6916-6933, total amount of \$6,836.29;  
11/27/06, voucher nos. 7073, total amount of \$53,443.12;  
11/28/06, voucher nos. 6949-6956 total amount of \$2,836.29;  
11/29/06, voucher nos. 6957-7052, total amount of \$359,844.40;  
12/13/06, voucher nos. 7090-7201, total amount of \$453,136.32;  
12/14/06, voucher nos. 7202-7219, total amount of \$6,727.38;  
12/15/06, voucher nos. 7220-7245, total amount of \$49,679.25.

**Construction Fund No. 11-333-3510**

11/30/06, 7053-7064, total amount of \$316,911.71;  
12/15/06, 7246-7257, total amount of \$87,764.01.

**PWTF Well Site & Emergency Power Fund No. 11-333-6020**

11/30/06, voucher nos. 7067-7072, total amount of \$29,904.75;  
12/15/06, voucher nos. 7258-7262, total amount of \$44,776.07.

**PWTF Lakota BioDryer Fund No. 11-333-6030**

11/30/06, voucher no. 7065-7066, total amount of \$6,826.53.

<b>Payroll Fund #11-333-0503</b>	<b>11/27/06</b>	<b>12/08/06</b>
Warrants:	\$ 7,999.44	\$ 1,848.00
Direct Deposits:	\$ 171,462.57	\$ 171,748.68
Benefit Warrants:	\$ 44,556.88	\$ 129,300.74
	Voucher #6934-6948	Voucher #7074-7089
Withholding/FICA	\$ 72,213.17	\$ 69,531.34
<b>Total Amount of:</b>	<b>\$ 296,232.06</b>	<b>\$ 372,428.76</b>

2. 2007 Wages for Non-Represented Staff

ACTION ITEMS

**#102, Board Meeting of December 28, 2006; Consider Canceling:**

**#103; Schedule Special Board Workshop:** Upon motion of Commissioner Gibson, which was duly seconded by Commissioner Nowicki, the Board unanimously approved canceling the regularly scheduled Board meeting of December 28, 2006 as well as schedule a special Board meeting to be held on December 21, 2006 at 1:00 p.m. at 31531 First Avenue South. Subsequent to the vote, a discussion ensued as to which items to discuss at the special meeting.

**#105, Second Supply Project Partnership Agreement: Amendments 1-4:** John Bowman, the District's Water Manager/Special Projects Manager, explained that these were amendments to the original partnership agreement and added staff felt the changes were minor and more administrative in nature. A discussion then ensued relative to the proposed changes.

Upon motion of Commissioner Miller, which was duly seconded by Commissioner Gibson, the Board unanimously **authorized** the General Manager to vote in favor of Amendments 1 through 4 of the Second Supply Project Partnership Agreement, substantially in the form presented, when such action is called for at a SSP Project Committee meeting.

**#106, Sewer Re-Survey Results – Sub Area (South Five-Mile Lake):** John Lee, one of the District's Project Engineers, began by stating the property owners in this area had been contacted and re-surveyed, per direction from the Board to solicit more interest to the proposal to extend sewers into their neighborhood. Included in the information that was provided were area maps and cost estimates for the proposed project. Mr. Lee reported there are 45 parcels in the area; thirty (67%) property owners responded per the following breakdown: 14 (30%) responded yes, 11 (24%) responded no and 5 (11%) responded maybe. Fifteen property owners (33%) had not responded. A discussion followed about costs and other relevant issues. Mr. Lee indicated staff was looking for direction from the Board. A discussion followed as to the best way to address this proposed project that would be in the best interests of the ratepayers; the responses that were received indicated less than half of the property owners appeared to be in favor of such a project at this time.

Upon motion of Commissioner Stewart, which was duly seconded by Commissioner Miller, **approved** canceling the project due to insufficient interest. It was noted that the Board would be glad to address this again at some future date if there is more interest in this project.

**#107, SR 161 Water Main Relocation – Phase II – Consultant Change Order:** Mr. Lee stated that the District's On-Call consultant for construction management service for water projects, HDR Engineering, Inc. had submitted Change Order #1 to the scope and budget for performing the construction management duties for this project and explained the reason for this. He reported that the final task for the consultant is the preparation of the as-builts. The budget for this project was calculated in 2004 and it has been reached; therefore, the change order also

included the cost of labor that would be necessary to complete the asbuilts at 2006 billing rates. Mr. Lee explained further the need for the change order and how the funds would be spent.

Upon motion of Commissioner Stewart, which was duly seconded by Commissioner Miller, the Board unanimously **approved** Change Order #1 for the Construction Management services related to the SR 161/Enchanted Parkway Water Main Relocation Phase II project in the amount of \$5,335.00 and **authorized** the General Manager to execute the Change Order #1 on behalf of the District.

**#108, 21<sup>st</sup> Avenue Southwest Water and Sewer Extensions (S/O SW 356<sup>th</sup> Street) – Interlocal Agreement with City and Construction Bid Acceptance:** Mr. Lee reported he had two versions of the proposed interlocal agreement for the Board’s consideration and explained the differences between them. During the discussion, it was noted that the low bidder for the overall City street improvement project was also the low bidder for the water and sewer work.

Upon motion of Commissioner Nowicki, which was duly seconded by Commissioner Gibson, The Board unanimously **approved** the Interlocal Agreement with the City of Federal Way for the 21<sup>st</sup> Avenue Southwest Water and Sewer Extensions (S/O SW 356<sup>th</sup> Street), **authorized** the General Manager to execute it on behalf of the District and **accepted** the low bid by Rodarte Construction, Inc. in the amount of \$158,527.04, including tax.

#### INFORMATION ITEMS

**#2, Surplus Property - Vehicles; Resolution No. 2006-1080:** As a part of the vehicle replacement program, staff had previously determined that the following items are no longer useful to District Operations: Unit #23 – 1976 Joy Air Compressor Model 100V, Vehicle #359 1989 Chevrolet K1500 Extended Cab Pickup, Vehicle #403 1989 Chevrolet S-10 Extended Cab Pickup and Vehicle #406 1988 GMC S-10 Extended Cab Pickup. The Board has previously declared these items as surplus and the resolution formalizes the process. At this time, it was the consensus of the Board to consider this item at this meeting.

Upon motion of Commissioner Miller, which was duly seconded by Commissioner Gibson, the Board unanimously **amended** the agenda to add **Action Item #110, Surplus Property - Vehicles; Resolution No. 2006-1080 Approval:**

**Action Item #110, Surplus Property - Vehicles; Resolution No. 2006-1080 Approval:**  
Upon motion of Commissioner Miller, which was duly seconded by Commissioner Nowicki, the Board unanimously **adopted** Resolution #2006-1080, declaring certain items of property to be surplus and authorizing the sale thereof pursuant to R.C.W. 57.08.015.

**#5, 2006 LAMP Camera Purchase.**

**#6, 2007-2008 Gravel/Cold Mix Purchase.**

**#7, Change Order for Asphalt Replacement Miscellaneous Area Project Contract – AA Asphaltting, Inc.**

Subsequent to brief discussions regarding the three information items listed above, it was the consensus of the Board to consider all three items at this meeting.

Upon motion of Commissioner Nowicki, which was duly seconded by Commissioner Gibson, the Board unanimously **amended** the agenda to add **Action Item #111, 2006 LAMP Camera Purchase, 2007-2008 Gravel/Cold Mix Purchase and Change Order for Asphalt Replacement Miscellaneous Area Project Contract – AA Asphaltting, Inc. – Approvals.**

**Action Item #111: 2006 LAMP Camera Purchase, 2007-2008 Gravel/Cold Mix Purchase and Change Order for Asphalt Replacement Miscellaneous Area Project Contract – AA Asphaltting, Inc. – Approvals:** Upon motion of Commissioner Gibson, which was duly seconded by Commissioner Miller, the Board unanimously considered the three issues above as follows: **awarded** the purchase of a LAMP Camera to CUES, Inc. for an estimated cost of \$49,282.24, including tax; **awarded** the contract for the 2007-2008 Gravel/Cold Mix Purchase to Lloyd Enterprises, Federal Way, Washington, for the amount of \$92,534.40 and **authorized** the General Manager to execute the contract on behalf of the District and **approved** the Change Order to AA Asphaltting, Inc. for the Asphalt Replacement Miscellaneous Area Project Contract in the amount of \$6,000.00 and **authorized** the General Manager to sign the change order on behalf of the District.

ACTION ITEMS (cont.)

**#104, 2007-2008 Budget, Rates, Fees & Charges; Resolution Numbers 2006-1077, 2006-1078, 2006-1079:** Mr. Dennis stated there were three resolutions available that address the three items mentioned above. A discussion then followed with a final review of each topic. During the discussion, it was noted that an additional line item had been proposed to be added to the budget at the request of Commissioner Nowicki relative to an employee morale improvement initiative. This prompted a review of different occasions in the past when District funds were spent in support of employee recognition, etc. It was noted that the state auditor can take issue with public funds being spent on things that were being proposed by the addition of this line item. The discussion followed as to the best way to address this that would be in the best interest of the District and its ratepayers. Subsequent to the discussion, it was the consensus of the Board to exclude the line item from the proposed budget resolution. The rate resolution was then discussed. The Board had several different options from which to consider and each item was reviewed. Subsequent to the discussion, it was the consensus of the Board to consider the version of the rate resolution that called for no rate increase.

Upon motion of Commissioner Gibson, which was duly seconded by Commissioner Tweddle, the Board voted on the three resolutions before them as follows: the Board, with Commissioners Gibson, Tweddle, Miller and Stewart voting in the affirmative and

Commissioner Nowicki voting in the negative, **adopted** three resolutions as discussed and as follows: 1) Resolution No. 2006-1077, authorizing the collection of fees and charges and establishing the description and implementation of such fees and charges and superseding Resolution Nos. 2005-1056 and 2006-1075; 2) Resolution 2006-1078, adopting water, sewer and street lights rates and superseding Resolution No. 2005-1057, and 3) Resolution 2006-1079, adopting the 2007-2008 biennial budget.

Mr. Pritchett indicated that there will be a meeting scheduled with Mr. Cebon and Lynn Takaichi in February 2007 to review the capacity charges and related issues. He noted that staff now has new water supply information that needs to be considered and there may be new issues on the sewer side as well.

INFORMATION ITEMS (cont.)

**#4, OASIS-Hydrogeological Services Contract:** Mr. Bowman presented this item and began with a review of the different phases of the project. In early 2006, staff solicited Statements of Qualifications (SOQ's) from hydrogeological consulting firms and selected Robinson, Noble and Saltbush, Inc. (RNS) to perform general hydrogeological services for the District. Mr. Bowman stated that conditions of the recently received Aquifer Storage and Recovery permit for the District's OASIS project call for certain field investigative work and studies which necessitate the need for additional hydrogeological services and staff is preparing a two year contract with RNS for these services. The District's 2007-2008 budget for the OASIS-Phase I project is \$7.2 million over the next six years, excluding property purchases and transmission mains. Mr. Bowman went on to summarize the primary tasks that staff intends to have performed, to date, noting the costs for these tasks are included in the amount budgeted. He indicated that staff was planning to group things differently for this long-term project and the tasks that he summarized were scheduled for the first two years. Subsequent to the discussion, it was the consensus of the Board to consider this item at this meeting.

Upon motion of Commissioner Nowicki, which was duly seconded by Commissioner Miller, the Board unanimously **amended** the agenda to add **Action Item #112, OASIS-Hydrogeological Services Contract.**

**Action Item #112, OASIS-Hydrogeological Services Contract:** Upon motion of Commissioner Nowicki, which was duly seconded by Commissioner Miller, the Board unanimously **approved** a contract with Robinson, Noble and Saltbush, Inc. for hydrogeological services related to the conditions of the ASR permit for the OASIS project in an estimated amount of \$250,000.00 for the 2007/2008 budget cycle.

**#3, Water Conservation Education Program:** Mr. Pritchett presented this item and explained that even though the cost of this program is within his approval authority, he felt it was important to bring water conservation items to the Board. He went on to explain that District employees are currently utilized to present conservation programs to the public. Staff would like

to hire a firm to provide educational classes in the elementary schools within the District's boundaries. Two bids were received and the low bidder has proposed a bid of \$70 per class. Subsequent to a discussion, it was the consensus of the Board for staff to proceed with this program.

#### STAFF REPORTS

**General Counsel:** Mr. Pritchett reported he would be meeting with Pierce County staff the next week relative to the sewer service boundary issue in the Lloyds gravel pit area. He added that the information that he had provided the Board had also been sent to Pierce County staff and their attorney. Next, Mr. Pritchett indicated he would be making a presentation on the Open Public Meetings Act at the January 11, 2007 Board meeting. He then thanked Commissioner Miller for bringing information to him relative to the VEBA Program, which had resulted in the memorandum he sent to the Board.

**Director of Finance and Information Systems:** Mr. Dennis provided Board members a folder that contained their timesheets for 2007 as well as a list of pay dates and other relevant items.

**Engineering Manager:** Mr. Ross reported on the cost for the Hylebos Bridge project at South 373<sup>rd</sup> that has been piggybacked on the City's contract. He stated that the estimated cost to the District that was given prior had greatly increased and explained the reasons. He went on to report that copies of the Comprehensive Water System Plan had been distributed to relevant agencies earlier in the week and the deadline for comments in the middle of February, 2007.

**General Manager:** Mr. Perry reported that the City of Edgewood City Council had approved the sewer agreement that had been discussed at prior meetings. In addition, the lease for the Redondo Outfall project had been signed by the Department of Natural Resources. He added he was very pleased with the outcome and thanked Jim Fleming, the District's Supervisor of Wastewater Operations, for all the time he had spent on this project.

#### EXECUTIVE SESSION

At approximately 8:38 p.m., the regular meeting was recessed in order to have an Executive Session for the purpose of discussing potential litigation. It was stated that the Executive Session would last approximately 15 minutes and the Board did not anticipate taking action after reconvening the regular meeting. At approximately 8:50 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 8:51 p.m.

\_\_\_\_\_  
President Tweddle

\_\_\_\_\_  
Yea

\_\_\_\_\_  
Nay

\_\_\_\_\_  
Abstain

ATTEST:

\_\_\_\_\_  
Vice President Miller

\_\_\_\_\_  
Yea

\_\_\_\_\_  
Nay

\_\_\_\_\_  
Abstain

\_\_\_\_\_  
Secretary Nowicki

\_\_\_\_\_  
Yea

\_\_\_\_\_  
Nay

\_\_\_\_\_  
Abstain

\_\_\_\_\_  
Commissioner Stewart

\_\_\_\_\_  
Yea

\_\_\_\_\_  
Nay

\_\_\_\_\_  
Abstain

\_\_\_\_\_  
Commissioner Gibson

\_\_\_\_\_  
Yea

\_\_\_\_\_  
Nay

\_\_\_\_\_  
Abstain