

LAKEHAVEN UTILITY DISTRICT
King County, Washington

SPECIAL BUSINESS MEETING
January 18, 2007

A special meeting of the Board of Commissioners of the Lakehaven Utility District, King County, Washington, was held on January 18, 2007 at Lakehaven Center, 31531 First Avenue South, Federal Way, Washington, 98003.

President Miller called the meeting to order at 6:00 p.m. and led the flag salute. Members/officials present were as follows:

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

Upon motion of Commissioner Tweddle, which was duly seconded by Commissioner Gibson, the Board unanimously **excused** Commissioner Nowicki from the meeting.

APPROVAL OF MINUTES

Upon motion of Commissioner Tweddle, which was duly seconded by Commissioner Gibson, the Board unanimously **adopted** the minutes of the December 14, 2006 and December 21, 2006 meetings as submitted.

APPROVAL OF AGENDA

Upon motion of Commissioner Tweddle, which was duly seconded by Commissioner Gibson, the Board unanimously **approved** the evening's agenda as presented.

CITIZENS COMMENTS

Scott Henderson, a District ratepayer and a volunteer for the Federal Way National Little League Association addressed the Board regarding the water connection charges for the ball field facility on Campus Drive. A discussion followed and Mr. Henderson was told that District staff had sent a proposal to the president of the association for consideration concerning payment of outstanding water Capital Facilities Charges. During the discussion it was noted that the District is interested in installing recharge facilities on the property, for which an easement is being requested. The discussion followed relating to resolving this issue in such a way that it would benefit both parties. The Board thanked Mr. Henderson for providing his comments to the Board.

CONSENT ITEMS

Prior to considering the items on the Consent Agenda, Mr. Perry provided a map indicating Lakehaven's service area and another map of the City of Edgewood's boundaries. Staff felt the proposed map would be more beneficial to include in the proposed sewer service agreement with the City of Edgewood, which was one of the items on the Consent Agenda.

Commissioner Stewart inquired as to the pay request for the South 373rd Street Bridge project, which was also included on the Consent Agenda. A discussion followed and the issues were explained.

Upon motion of Commissioner Gibson, which was duly seconded by Commissioner Stewart, the Board unanimously **approved** the Consent Items as presented below, with the change in the map for the Edgewood Sewer Service Area Agreement as proposed by staff:

1. Accounts Payable Vouchers and Payroll Transactions with the warrant dates of 12/26/06, 12/27/06, and 1/8/07
Maintenance Fund No. 11-333-0510
12/27/06, voucher no. 7355, total amount of \$51,820.04;
1/8/07, voucher nos. 7372-7436, total amount of \$115,705.23;
Construction Fund No. 11-333-3510
1/8/07 voucher nos., 7437-7439, total amount of \$15,270.15;
PWTF Wellsite & Emerg Power Fund No. 11-333-6020
1/8/07, voucher no. 7440, total amount of \$81,708.80;

Payroll – Fund #11-333-0503	12/26/06	01/08/07
Warrants:	\$3,003.52	\$0.00
Direct Deposits:	\$174,619.98	\$164,872.96
Benefit Warrants:	\$44,641.40	\$134,710.65
	(voucher nos. 7340-7354)	(voucher nos. 7356-7371)
<u>Withholding/FICA</u>	<u>\$70,960.41</u>	<u>\$68,323.36</u>
Total Amount of:	\$293,225.31	\$367,906.97

2. Lakota Sludge Dryer Project-Contract Cancellation Agreement
3. South 373rd Street Bridge – Pay Request #5
4. Lakehaven Utility District/City of Edgewood Sewer Service Agreement

ACTION ITEMS

#1, Board Meeting Time Change: Commissioner Miller stated he had been approached about the possibility of changing the beginning time of regular Board meetings to 4:00 p.m. A discussion followed where it was stated that any special meetings for public hearings, etc. could

begin at a later time. Subsequent to the discussion, it was the consensus of the Board to make no changes at this time to the schedule for Board meetings.

#2, Schedule Special Board Workshop – GIS Demonstration: Mr. Ross directed the Board to the agenda item in their binders for some suggested dates for this meeting. It was noted that all Board members should be available to attend this meeting. Subsequent to the discussion, the Board considered this item.

Upon motion of Commissioner Gibson, which was duly seconded by Commissioner Tweddle, the Board unanimously **approved** scheduling a special Board meeting on February 6th, from 1:30 p.m. to 4:30 p.m. at 31531 1st Ave South in order to observe a GIS Demonstration. Commissioner Miller noted he wanted to be able to determine the value of this program, its cost and what it will do for the District.

#3, Lakota Beach (Lowlands) Sewers – Confirm CPILOE's: Mr. Ross stated that the connection charge issue for this project had been discussed at prior meetings. He added that he wanted to ensure that staff was clear on any prior consensus reached by the Board in regard to the connection charge issue. A discussion followed that included a review of the options made available for the Board's consideration. Subsequent to the discussion, the Board considered this item.

Upon motion of Commissioner Gibson, which was duly seconded by Commissioner Tweddle, the Board unanimously **approved** the following actions related to the Lakota Beach (Lowlands) Sewer Project: 1) Establish a Charge Payable In Lieu of Extension (CPILOE) rate of \$2,507.42 per each pressure side sewer stub installed by District crews for the twenty-eight (28) benefited owners who applied for service prior to March 31, 2006. This was Option 3F presented by staff, and represents an average reasonable cost for installation of all twenty-eight pressure side sewer stubs that avoided the cost of separate right-of-way permits. The applicable owners will be invoiced the additional amount in excess of the \$1,560.00 deposit paid when they applied for service. Owners who have or will subsequently apply for service after March 31, 2006, will pay the actual time and material cost for stubs installed by District crews, in accordance with the Fees and Charges Resolution; 2) Establish a CPILOE rate of \$35.48 per equivalent benefited front foot for the pressure sewer main installed for the project. This rate is based upon the actual project costs incurred to design and construct the pressure sewer mains, and is less than the \$38.86 per equivalent benefited front foot owners paid as a deposit when they applied for service. The CPILOE applicable to individual parcels will be based upon the current area (and resultant equivalent frontage) of the parcel served, which may be different than the area used to calculate the deposit collected. This CPILOE will be applicable not only to the first twenty-eight (28) owners who applied for service prior to March 31, 2006, but to the owners of all ninety-one (91) parcels deemed benefited by the project; 3) Approve the format and content of the three draft letters prepared by staff and included in the agenda packet that the Board desired to review. The letters were reviewed by senior staff. The first letter is intended to be sent to the first twenty-eight (28) owners who requested service prior to March 31, 2006. The

second letter is intended to be sent to the next five (5) owners who have so far applied for service after March 31, 2006. The third letter is intended to be sent to the remainder of the owners benefited by the sewer system constructed for the project, and who have not yet applied for service.

It was noted that invoices for any uncollected amounts will be prepared and sent with the first two letters to the applicable owners. Mr. Ross displayed the CPILOE calculation spreadsheet that provided the amounts of the invoices. He then thanked the Board for the decisions reached.

#4, Lakehaven Letter Supporting Groundwater Management Recommendations: Mr. Perry explained that the Groundwater Management Planning Committee had generated a list of recommendations that need to be accomplished in the South King County Groundwater Management Planning Area and the committee is asking for letters in support of those recommendations from the agencies who are members of the committee. A discussion followed as to the content of the list; subsequent to the discussion, the Board directed Mr. Perry to bring the letter back to the Board for consideration on the Consent Agenda at the next regular Board meeting.

#5, Set Schedule for Special Board Meeting(s); Rates and Connection Charges Review: Mr. Pritchett explained the reason this item was presented to the Board is to ensure that there are a number of meetings dedicated specifically to the rate study and the Capital Facilities Charges study. He noted that the Board could expect these meetings to be quite comprehensive and went on to review what staff intended to accomplish at this meeting. Mr. Pritchett noted staff would also be proposing the Board consider retaining the services of two consultants to generate an analysis of each of these topics as well as presenting them to the Board.

Upon motion of Commissioner Tweddle, which was duly seconded by Commissioner Gibson, the Board unanimously **approved** scheduling four special meetings as discussed on the following dates: March 15th and 29th, April 5th and 19th, 2007. These meetings will be held at Lakehaven Center and will begin at 1:00 p.m. In addition, a public hearing will be held at the May 10th Board meeting.

#6, Service Renewals Contract: Gene Yoder, the District's Field Operations Manager, presented this item. He stated only one bid was received for this project was substantially over the estimated cost. Mr. Yoder recommended the Board consider rejecting the bid and added staff intended to revise the bid invitation by dividing the work into smaller units before re-bidding. This might allow more contractors to bid on the job.

Upon motion of Commissioner Tweddle, which was duly seconded by Commissioner Gibson, the Board unanimously **approved** rejecting the bid for the Service Renewals Contract. In addition, the Board **approved** staff's proposal to revise the bid document and send it out to be rebid.

#7, 2007 Rate/CFC Review – Consultant Contracts: Mr. Pritchett explained this item is presented to the Board for authorization to execute two consultant contracts for purposes of providing the Board an in-depth review of the District's water and sewer rates as well as a review of the Capital Facilities Charges.

Upon motion of Commissioner Tweddle, which was duly seconded by Commissioner Gibson, the Board unanimously **approved** entering into contracts with Financial Consulting Solutions Group and Kennedy/Jenks Consultants for the 2007 Rate/CFC Review project for a cost not to exceed \$50,000 for each contract.

#8, Cancel January 25, 2007 Board Meeting: This special meeting was scheduled to replace the first regular meeting in January that was canceled, due to the inclement weather. Items that were on the agenda to be discussed at the next regular meeting scheduled for January 25th were included on the agenda for this meeting; therefore, the Board could consider canceling the meeting of January 25th.

Upon motion of Commissioner Gibson, which was duly seconded by Commissioner Tweddle, the Board unanimously **approved** cancelling the regular meeting of January 25th, 2007.

#9, 2007 Water Supplies Inventory Contract: Mr. Yoder distributed a bid tabulation that included items that are needed to replenish the water inventory along with the amounts that were submitted from each bidder. He explained that staff uses these supplies throughout the year and it has been beneficial to solicit bids for their purchase at the beginning of the year. Mr. Yoder explained that there was a change in the type of fittings that were included on the bid for 2007, which were non-leaded fittings. In addition, water meters were also added to the bid list, as the most recent contract for meters had expired. He then reviewed the bids that were submitted; some of the items were not bid as the bidders did not offer bids on every item in each class. He stated that staff was recommending that the Board consider rejecting these bids as staff intended to revise the different classes and rebid the inventory supplies.

Upon motion of Commissioner Tweddle, which was duly seconded by Commissioner Gibson, the Board unanimously **approved** rejecting the current bids for the 2007 Water Supplies Inventory Contract, so staff could revise and rebid the contract at their discretion.

STAFF REPORTS

General Counsel: Mr. Pritchett reported he had met with representatives of the City of Federal Way to discuss reconciliation of Celebration Park's Capital Facilities Charges (CFC). He stated that an analysis of the park's water usage had been conducted, which indicated a decrease in usage over time. He went on to state that the City was told that they would have the opportunity to rent additional E.R.U.'s worth of CFC's, instead of purchasing them if they wished. Mr. Pritchett went on to explain the history of this issue for the benefit of the new Board

members. He added staff would be following up with City staff to ensure this issue is resolved. Mr. Pritchett then noted he had been reviewing legislative materials and stated that it appears there is another initiative in the legislature to allow the term of public sector bargaining agreements to be as long as six years, instead of the current three years. Mr. Pritchett went on to discuss an issue that came to him from Commissioner Miller relating to the MedVea program. He stated that the IRS adopted a regulation that will not allow the members of the plan to pass any unspent funds on to their heirs. He distributed a letter for the Board's consideration to be signed by the Board President to communicate to them the disappointment over that development and to support a proposal to change the tax law. Subsequent to the discussion of this issue, it was the consensus of the Board to direct President Miller to sign the letter for mailing. Lastly, Mr. Pritchett reported that an unemployment hearing was scheduled for the next week. He stated he will represent the District in this matter and would keep the Board informed of the outcome.

Director of Finance and Information Systems: Mr. Dennis reported the auditor was ready to schedule an exit conference to discuss the 2005 audit. He stated he would be scheduling it after Commissioner Nowicki returned. Mr. Dennis added he would also be scheduling an MIS Steering Committee meeting soon to discuss, among other issues, a report from some consultants to review our network security.

Engineering Manager: Mr. Ross reported the City of Federal Way is bidding the Pacific Highway South Street Improvement Project, Phase 3, between Dash Point Road and South 288th Street. Bids will open on February 8th and he intended to bring the bids to the Board at the second meeting in February. Mr. Ross added that staff intends to extend the current "piggy-back" contract with the City into the construction phase.

General Manager: Mr. Perry reported the Highline Water District has approached Lakehaven staff regarding a reciprocal Emergency Operations Center (EOC) Agreement that would provide a work area for staff of one District if the EOC of the other District was rendered uninhabitable during an emergency event. He added staff needs more information before considering moving forward and would keep the Board informed. Mr. Perry distributed a sewer rate summary card to the Board which indicates that Lakehaven is the least cost provider of sewer service in the local area. Lastly, Mr. Perry stated the Board had expressed an interest approximately a year ago in system demand District customers were placing on the sewer and water systems relative to purchased capacity. He stated that there is not one business whose usage was less than what they had paid for and the majority was over the estimate. He added that this information will be provided to the rate consultants for their review. He noted it took a large amount of research to obtain these figures and he thanked Mary Young, the District's Temporary Technician, and Devin Cupp, the District's Application Specialist, who had performed the work. He added that Mrs. Young is currently determining which parcels within the District's service area are partially developed and those that are vacant. He noted this information will also be very helpful to staff.

COMMISSIONER COMMENTS

The performance reviews for the General Manager and General Counsel will be scheduled for the second meeting of February and Board members were provided the information to assist in the evaluations. Commissioner Gibson reported the Personnel Committee will be distributing some information for feedback as well, which prompted a discussion.

Commissioner Miller reported the District received compliments at a Kiwanis meeting he had attended the prior day for the hard work staff had done to keep the District's facilities up and running during the recent storm event. He added this was due to the diligence of Lakehaven staff. In addition, he stated the City had also expressed their appreciation to District staff for their hard work.

Commissioner Stewart reported he had recently attended a Safety Committee meeting and heard Lakehaven staff wanted an arc flash test which would be beneficial when they are working on active electrical circuits.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at approximately 8:21 p.m.

<u>Donald P. Miller</u>	<u>✓</u>	<u> </u>	<u> </u>
President Miller	Yea	Nay	Abstain

ATTEST:

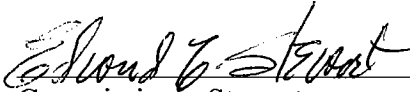
<u>ABSENT</u>	<u> </u>	<u> </u>	<u> </u>
Vice President Nowicki	Yea	Nay	Abstain

<u>Charles Stewart</u>	<u>✓</u>	<u> </u>	<u> </u>
Secretary Gibson	Yea	Nay	Abstain

Special Board Meeting

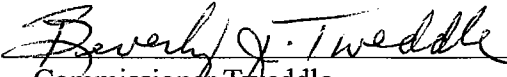
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Commissioner Stewart

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Yea	Nay	Abstain



Commissioner Tweddle

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Yea	Nay	Abstain