

LAKEHAVEN UTILITY DISTRICT
King County, Washington

REGULAR BUSINESS MEETING
June 28, 2007

A regular meeting of the Board of Commissioners of the Lakehaven Utility District, King County, Washington, was held on June 28, 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 asked Commissioner Tweddle to lead the flag salute. Members/officials present were as follows:

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|-----------------|----------------------------------------|
| Don Miller | President of the Board |
| Chuck Gibson | Secretary of the Board |
| Ed Stewart | Commissioner |
| Beverly Tweddle | Commissioner |
| Don Perry | General Manager |
| John Bowman | Engineering/Water 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 as he was out of town.

APPROVAL OF MINUTES

Upon motion of Commissioner Tweddle, which was duly seconded by Commissioner Stewart, the Board, with Commissioners Miller, Stewart and Tweddle voting in the affirmative, and Commissioner Gibson abstaining, unanimously **adopted** the minutes of the meeting of May 24, 2007 as presented. Upon motion of Commissioner Tweddle, which was duly seconded by Commissioner Stewart, the Board unanimously **adopted** the minutes of the meeting of June 7, 2007 as presented. Upon motion of Commissioner Tweddle which was duly seconded by Commissioner Gibson, the Board, with Commissioner's Gibson, Stewart and Tweddle voting in the affirmative, and Commissioner Miller abstaining, unanimously **adopted** the minutes of the meeting of June 14, 2007 as presented.

APPROVAL OF AGENDA

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

CONSENT AGENDA

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

1. Accounts Payable Vouchers and Payroll Transactions with the warrant dates of 6/25/07, 6/26/07, 6/27/07, 6/28/07 and 6/29/07.

Maintenance Fund No. 11-333-0510

6/26/07 Voucher no. 9054, total amount of \$45,610.73;
6/27/07 Voucher nos. 9070-9090, total amount of \$2,640.59;
6/28/07 Voucher nos. 9091-9191, total amount of \$307,393.36.

Construction Fund No. 11-333-3510

6/29/07 Voucher nos. 9192-9202, total amount of \$44,520.55.

PWTF Redondo Outfall Fund No. 11-333-6040

None

Payroll – Fund No. 11-333-0530 06/25/07

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| Warrants: | \$ | 1,995.57 |
| Direct Deposits: | \$ | 171,956.05 |
| Benefit Warrants: | \$ | 58,766.04 |
| (voucher nos. 9055-9069) | | |
| Withholding/FICA | \$ | 74,217.75 |
| Total Amount of: | \$ | 306,935.41 |

ACTION ITEMS

#41, Board Meeting Schedule: Mr. Pritchett reported that the July 10th date established to hold a special meeting to review the rate and Capital Facilities Charge models will need to be rescheduled due to an arbitration hearing set for the same date. He would like to reschedule this for July 19th at 1:00 p.m. Staff will be available on this date as well as the consultants, Lynn Takaichi and Ed Cebron.

Upon motion of Commissioner Gibson, which was duly seconded by Commissioner Stewart, the Board unanimously **approved** canceling the special meeting on July 10, 2007 and changing it to July 19th at 1:00 p.m. to review the rates and Capital Facilities Charges.

As the next Action item called for a public hearing at 6:30 p.m. and it was not yet that time, it was the consensus of the Board to move to the third action item.

#43, North Lake Sewer-Award Construction Contract: Mr. Bowman reported that John Lee was in charge of this project, but was unable to present this to the Board as he was currently attending an American Water Works Association conference in Toronto, and asked Mr. Bowman to present it to the Board. Ninety-one (91) properties fronting the sewer installation were provided with the construction bid, the total project costs per lot and a postage-paid return post card to indicate whether they still supported the project. The owners of 74 properties responded to the current opinion survey with 51 properties, or 56%, in favor of the pressure sewer system. 51 homeowners said yes and to move forward on this. The Engineer's estimate for the work was \$317,896.19, including sales tax. Three (3) bids were received and opened on May 29, 2007, ranging between \$443,258.82 and \$534,307.01, including sales tax. The low bid was submitted by Wiseman Utilities Inc., of Olympia, Washington for \$443,258.82, including tax. Mr. Bowman briefed the citizens on the process of connecting to sewer and not mandating connection to the system. He explained that if the Board approved, the District would pay Wiseman Utility, Inc. and ask for reimbursement from the property owners. He referred everyone to attachment Exhibit C, showing the current cost estimates. He went over the cost estimates showing the overall total for an average ½ acre parcel being around \$18,731.22. Staff will be making a recommendation at a later date on how the allocation of cost will actually be made per parcel, but for informational purposes, the average per lot was presented. Mr. Pritchett explained to the citizens that interest would accrue, currently at 4.71%, against the local facility charge if a property owner did not hook up within the first year. Mr. Bowman reported they have been very pleased with Wiseman Utilities, Inc.'s past services. Citizen Mike Christianson of 32830 38th asked if each individual parcel needed a grinder pump. Mr. Bowman responded that each home would have a single grinder pump into the main.

Upon motion of Commissioner Tweddle, which was duly seconded by Commissioner Stewart, the Board, with Commissioners Miller, Stewart and Tweddle voting in the affirmative, and Commissioner Gibson abstaining, unanimously **approved** the North Lake Sewer Construction Contract Award to Wiseman Utilities Inc. in the amount of \$443,258.82, including tax.

#42, Street Light System Establishment-SW 304th Street between 16th Avenue SW and 12th Avenue SW; Public Hearing at 6:30 p.m.; Resolution No. 2007-1091: Commissioner Miller recessed the regular meeting and opened the public hearing for the purpose of hearing testimony from the public regarding this street light proposal. Discussion was held about cost of street lighting and the process for putting in street lights. Jean Gardiner explained how charges are set up for this. Hearing no testimony, Commissioner Miller adjourned the public hearing and reconvened the regular meeting.

Upon motion of Commissioner Gibson, which was duly seconded by Commissioner Tweddle, the Board unanimously **adopted** Resolution No. 2007-1091, establishing a street lighting system for the area within the District described as SW 304th Street between 16th Avenue SW and 12th Avenue SW and setting an effective day for the provision of street lighting services as July 28, 2007.

INFORMATION ITEMS

#1, Utility Billing System Replacement: Mr. Dennis, the District's Director of Finance and Information Systems, reported on replacing the current utility billing system. The District purchased the current utility billing software in the fall of 2000. The District has outgrown the system and is having difficulty in integrating new systems with the current billing system. The current system is running slower and requires a lot of staff time to keep the system working properly. Furthermore, District customers are beginning to demand features that the current software cannot realistically provide, such as online account inquiry and payment. The District invited proposals from interested software vendors in early May of this year. A single firm responded, Continental Utility Solutions. This is the same company that wrote the software currently in use at the District, which presents a number of advantages. Continental Utility Solutions' new product has many features that their existing customers (like the District) have requested. Continental Utility Solutions' staff is already familiar with the District's operations and data structure, and they have a long working relationship with District personnel. District staff is likewise familiar with Continental Utility Solutions' systems and processes. This will help to streamline the conversion process and shorten the learning curve for the staff using this system daily. The new system is more easily linked to the current system and doesn't have the same limitations for size like the old system did. Mr. Dennis further reported that the price stated in Continental Utility Solutions' proposal is reasonable at \$203,243.00, including sales tax, and is within the expected 2007-2008 capital budget (\$250,000.00). Staff time spent on the project during the conversion would account for the remainder of this project funding. He explained that new billings on average have increased 10% - 15%, how more rate codes are now used, and that the current system ties up an additional phone line for credit card payments. The new system would not tie up a phone line or staff time. The current system can break up base charges and water usage charges, but the new system can give graphs. If approved, the goal would be to have staff on board and up and running by January 1, 2008. Mr. Pritchett would like to move this along to allow more space in the server room, which is currently at a maximum now. There was further discussion on how credit card settlement process would be a big savings in customer service time and how automatic withdrawal from individual accounts could be set up to pay bills with the new system. Jean Gardiner explained to the Board the process for how credit card payments work in the event a card is declined. The Board requested a progress report on this. Mr. Dennis asked the Board to move this to an action item.

Upon motion of Commissioner Tweddle, which was duly seconded by Commissioner Gibson, the Board unanimously **amended** the agenda to add **Action Item #44, Utility Billing System Replacement; Approval.**

Action Item #44, Utility Billing System Replacement; Approval: Upon motion of Commissioner Gibson, which was duly seconded by Commissioner Tweddle, the Board unanimously **authorized** the General Manager to sign the contract with Continental Utility Solutions in the amount of \$203,243.00, including tax.

STAFF REPORTS

General Counsel: Mr. Pritchett reported on the Notice from King County that recording fees would be increased. He commented on the Memorandum of June 25, 2007 that he sent out to the Board of Commissioners regarding King County Sewer Ordinance No. 15757 and how it relates to extension for charges to the King County system and the litigation that may arise as a result of this. He discussed jurisdiction conflicts and how the District has the treatment capacity to serve properties in this area. Mr. Pritchett reported that he and Mr. Bowman attended meetings on annexation the past two Tuesdays. The City of Federal Way contacted Mr. Pritchett and requested that someone from Lakehaven Utility District be present at the meetings to answer any questions about water or sewer service.

Engineering/Water Manager: Mr. Bowman reported that they would be putting out ads for statement of qualifications for water and wastewater design and construction management services. He discussed the last time this was done, it was the preference of the Board to have a different selected water firm also provide the construction management for the wastewater projects and the selected wastewater firm was to provide the construction management for the water projects. However staff felt that there would be benefit to having the designing firm do the construction management on some jobs and on other the District may benefit from an independent construction management firm with more experience on inspection jobs. Staff suggested that the District should also ask for qualifications for an independent construction management firm. The intent would be to utilize the Water Design Engineer or Sewer Design Engineer's Inspectors on the projects they design unless staff or the Board felt that the inspectors offered were not the caliber that were needed for the project or, depending on the project, that oversight from a different firm was warranted. The Board approved of the change by asking that the District advertise for a construction management firm along with the Sewer and Water Design Consultants. Mr. Bowman also commented about the Seattle King County Health Department contacting him for information on who is connected to sewer lines in the Federal Way area and copies of maps indicating this information. He indicated that he would have the District's Geographic Information System (GIS) person talk with their GIS person.

General Manager: Mr. Perry reported that he met with the City Manager and Public Works Director of the City of Edgewood and how the agencies would coordinate a developer building several miles of mains to get to the District's service area. The City of Edgewood will be sending out a new comprehensive sewer plan that allows flow to come into the District. Mr. Perry commented on his meeting with Highline and discussions about selling water to them. He met with the City of Milton this week and they are looking for a water and sewer franchise between the City and the District. The City of Milton is interested in a franchise for 25 years. He commented on a Computerized Maintenance Management System that he thinks is affordable and within the budget that was provided to the Board. The Vendor who staff are leaning towards has everything that the District needs and is currently being utilized by Highline Water District. Mr. Perry handed out a copy of the City of Federal Way Employee Recognition Program for the

Board to review and comment on. He gave an update on the interviews for the Engineering Technician II position. They received only 6 applications for the two open positions. He said they are having problems finding people to fill the positions, and he doesn't believe that the level of pay is the problem. He believes it is the high demand for people in this field.

Further discussion was held concerning overview of August Board meetings and vacation schedules. Discussion was also held on telephonic attendance at Board meetings.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at approximately 7:50 p.m.

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| <u>President Miller</u> | <u>Yea</u> | <u>Nay</u> | <u>Abstain</u> |
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ATTEST:

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

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|  <u>Secretary Gibson</u> | <u>✓</u> Yea | <u>Nay</u> | <u>Abstain</u> |
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|  <u>Commissioner Stewart</u> | <u>✓</u> Yea | <u>Nay</u> | <u>Abstain</u> |
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|  <u>Commissioner Twedde</u> | <u>✓</u> Yea | <u>Nay</u> | <u>Abstain</u> |
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