

LAKEHAVEN UTILITY DISTRICT
King County, Washington

SPECIAL BUSINESS MEETING
July 19, 2007

A special meeting of the Board of Commissioners of the Lakehaven Utility District, King County, Washington, was held on July 19, 2007 at Lakehaven Center, 31531 First Avenue South, Federal Way, Washington, 98003.

President Miller called the meeting to order at 1:00 p.m. and led the flag salute. Members/officials present were as follows:

Don Miller	President of the Board
Ron Nowicki	Vice 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

APPROVAL OF AGENDA

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

INFORMATION ITEMS

#1, Water and Sewer Rates and Capital Facilities Charges: Mr. Pritchett introduced Ed Cebron of FCS Group to present the water and sewer rates power point presentation with Board and Staff. Mr. Cebron began his presentation by reviewing the following Agenda: 1) Water Rate Options and Rate Design; 2) Sewer Rate Options and Rate Design; 3) Direction from the Board; and 4) The Next Steps to Follow.

Mr. Cebron discussed the Key Fiscal Policies and how they are defined. He then went on to explain the Water Rate Option Scenarios and his recommendations. The Board held discussion about the different scenarios and concerns about debt principal repayment. Mr. Cebron commented that the District was well poised financially for the future and he didn't see any reason for major concern. He then reviewed Alternative Rate Strategies and added a Water Bill Comparison with 12 other water utility districts. He found only one other water utility district, Lakewood, that delivered lower rates than Lakehaven Utility District.

Next, Mr. Cebron discussed the Water Rate Design. This was broken down by Cost-of-Service Customer Allocation using pie charts to show Existing Customer Allocation and Cost-of-

Service Customer Allocation for the first year adjustment. Graphs of Cost-of-Service Rate Structure (with an 8% rate increase) for residential, irrigation, multi-family, commercial, public authority, and fire sprinkler were also provided. Discussion was held on residential cost and multi-family cost. Discussion was further held about the increase in water usage in the summer months for both indoor and outdoor water usage. Mr. Cebron skipped to page 17 of the presentation to review the Residential Seasonal and 3-Block Rates. He then went back to page 12 of the presentation to review Cost-of-Service Rate Structure (irrigation). Mr. Cebron recommended using the summer/winter differential. He then reviewed the Cost-of-Service Rate Structure (multifamily). Discussion was held about how water and sewer charges are billed to tenants in an apartment complex. Mr. Cebron recommended keeping it at a per unit charge.

Mr. Cebron then went on to review the Sewer Rate Option Scenarios. He explained the Recommended Sewer Capital Reinvestment and Rate Forecast (Scenario 1) and the Alternative Rate Strategies. He also provided a Sewer Bill Comparison using 11 other Districts and, again, Lakewood was the only other District with slightly lower rates than Lakehaven Utility District. Mr. Cebron reviewed the pie charts used for Cost-of-Service Customer Allocation Shifts. He then reviewed the Sewer Rate Design charts showing both existing rates and proposed rates that would increase usage charges and leave fixed bi-monthly charges. He provided Sewer Rate Design charts of a residential sample bill with a 5% rate increase and commercial sample bill with a 5% rate increase.

At the conclusion of the presentation, Mr. Cebron asked for direction from the Board on which rate scenario and which rate structure the Board preferred. He presented a list entitled Next Steps (i.e. Selection of Rate Options, Adoption of Rates, Effective Date of Rate Increase, and Rate Review after Capital Facilities Charges Decisions) of items that needed to be decided upon. Mr. Dennis expressed that he would like to see the rates adopted as early as possible for use in programming the new billing system. Discussion was held on this and it was the consensus of the Board to have approval of the rates by November 1st. This way the public would be aware of the rate increase before receiving bills in January and February (2 months later). There was discussion of holding a public hearing on September 13, 2007. Prior to the hearing, the Board would like to have the Capital Facilities Charges updates concluded. Discussion was also held about notification of the increases to the customers. Mr. Cebron will provide the Board a summary packet.

The Board thanked Mr. Cebron for the information presented.

COMMITTEE REPORTS/COMMISSIONER COMMENTS

Commission Nowicki commented on the seven (7) page report from Jim Fleming on Operations Committee Meeting on Wastewater Projects and felt Mr. Fleming did a very good report on this. He apologized for not attending the meeting. Commissioner Nowicki also requested that collective bargaining for contract negotiations be put on the Agenda for next week's Board Meeting. He brought up the idea of having water bottles with labels for Lakehaven

Utility District to hand out at community events and for emergency use supplies. Discussion was held about having an empty plastic bottle with Lakehaven Utility District's logo on it to give out to customers asking them to fill with tap water and/or bottles the District could provide in emergency situations.

Commissioner Gibson asked about the insurance renewal proposal and having this on the Agenda for the July 26th Board Meeting.

Commissioner Stewart discussed Puget Sound Power and Light and Seattle Water putting out water saving shower heads. It was clarified that Lakehaven Utility District currently offers this for their customers as well. Discussion was held about publicizing this more. USEPA is launching their water sense program soon with the idea of getting more showers heads with their promotional label on them.

STAFF REPORTS

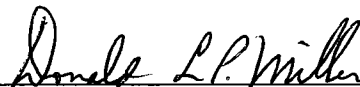
General Counsel: Mr. Pritchett passed out copy of letter he drafted to King County in regard to King County Ordinance No. 15757. Commissioner Miller signed the original letter to be mailed out.

Engineering/Water Manager: Mr. Bowman commented on the Water Use Efficiency Rule to be discussed at next week's meeting as an information item.

General Manager: Mr. Perry reported on a sewer District in California and how they addressed side sewer laterals with Inflow and Infiltration. He thought they had some good ideas and good fact sheets and commented that he would like to discuss these with the Board in the future.


ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at approximately 3:30 p.m.



President Miller

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Yea	Nay	Abstain

ATTEST:


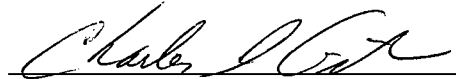
Vice President Nowicki

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


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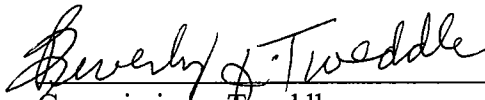
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Secretary Gibson

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Yea	Nay	Abstain


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