

LAKEHAVEN UTILITY DISTRICT  
King County, Washington

REGULAR BUSINESS MEETING  
July 26, 2007

A regular meeting of the Board of Commissioners of the Lakehaven Utility District, King County, Washington, was held on July 26, 2007 at Lakehaven Center, 31531 First Avenue South, Federal Way, Washington, 98003.

Vice President Nowicki called the meeting to order at 6:00 p.m. and asked Commissioner Stewart to lead the flag salute. Members/officials present were as follows:

Ron Nowicki	Vice President of the Board
Chuck Gibson	Secretary of the Board
Ed Stewart	Commissioner
Beverly Tweddle	Commissioner
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 Miller from the meeting.

APPROVAL OF MINUTES

Upon motion of Commissioner Gibson, which was duly seconded by Commissioner Tweddle, the Board, with Commissioners Gibson, Stewart and Tweddle voting in the affirmative, and Commissioner Nowicki abstaining, unanimously **adopted** the minutes of the meeting of June 28, 2007, as presented. Upon motion of Commissioner Tweddle, which was duly seconded by Commissioner Gibson, the Board unanimously **adopted** the minutes of the meeting of July 12, 2007, as presented.

APPROVAL OF AGENDA

Mr. Pritchett requested to add an additional grievance to the closed session. It was also requested to add Action Item #52, 2007 Water Service Line Renews Project – King County Area Rebid to the agenda.

Upon motion of Commissioner Tweddle, which was duly seconded by Commissioner Gibson, the Board unanimously **approved** the evening's agenda as presented, with the addition of an additional grievance for the closed session and Action Item #52, 2007 Water Sewer Line Renews Project – King County Area Rebid.

CORRESPONDENCE

Comment was made about the spreadsheet from Puget Sound Energy on storm drains and power outages. Puget Sound Energy is looking for ways to restore power in the event of a power outage. Commissioner Nowicki had questions about District stations having grinder pumps and whether Puget Sound Energy had knowledge of these in the event of a power outage. Mr. Bowman said he can communicate locations with grinder pumps to Puget Sound Energy to put in their database.

COMMISSIONER COMMENTS

The Board commented about the trip out to King County Emergency Center and that they thought this was a good idea. The Board gave thanks to Linda Kochmar for arranging this.

CONSENT AGENDA

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

Accounts Payable Vouchers and Payroll Transactions with the warrant dates of 7/23/07, 7/26/07, 7/27/07, 7/30/07 and 7/31/07.

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

7/26/07 Voucher no. 9483, total amount of \$48,832.66;  
7/27/07 Voucher nos. 9320-9331, total amount of \$2,615.05;  
7/30/07 Voucher nos. 9332-9482, total amount of \$597,491.56.

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

7/31/07 Voucher nos. 9483-9495, total amount of \$56,925.34.

**PWTF Redondo Outfall Fund No. 11-333-6040**

None

**Payroll – Fund No. 11-333-0530 07/23/07**

Warrants:	\$	628.74
Direct Deposits:	\$	161,266.37
Benefit Warrants:	\$	50,584.21
(voucher nos.9306-9319)		
<u>Withholding/FICA</u>	\$	<u>65,884.50</u>
<b>Total Amount of:</b>	\$	<b>278,363.82</b>

### ACTION ITEMS

**#46, Asphalt Program:** It was the consensus of the Board to defer this item to the next regular Board meeting and table it for now.

**#49, Burton Developer Extension Agreement Amendment:** Mr. Pritchett followed discussion last week with Paul Burton asking to defer payment of his current bill to the developer extension account. The District will owe Mr. Burton's LLC money at the end of project and deferring his payment would offset this. Mr. Pritchett sent Mr. Burton a copy of an amendment to the developer extension agreement for his review and Mr. Burton is willing to sign the amendment. This amendment would allow his project to be placed back on active status. Further discussion was held about the final billing to Mr. Burton and deferral of the developer extension project account balance payment.

Upon motion of Commissioner Gibson, which was duly seconded by Commissioner Tweddle, the Board unanimously **approved** of the amendment to the developer extension agreement.

**#50, Board Meeting Schedule:** The next regular Board meeting is scheduled for Thursday, August 9, 2007. It appears that there are no items that require consideration by the Board at that meeting and the Board may wish to cancel the meeting on August 9, 2007. It also would be appropriate to schedule a Special Board Meeting on August 16, 2007, at 1:00 p.m. to address Rates and Capital Facilities Charges. Lynn Takaichi is available on this date to present Capital Facilities Charges to the Board.

Upon motion of Commissioner Tweddle, which was duly seconded by Commissioner Gibson, the Board unanimously **approved** canceling the meeting on August 9, 2007 and scheduling a Special Board Meeting on August 16, 2007, at 1:00 p.m. to review Capital Facilities Charges.

**#51, Surplus Property – Vehicles; Resolution No. 2007-1092:** Mr. Pritchett reported that as part of the vehicle replacement program, it has previously been determined that the following vehicles are no longer useful to operations of the District: Vehicle #53 - 1998 Ford Ranger 4X4 Extended Cab Pickup, Vehicle #63 – 1998 Ford Ranger 4X4 Extended Cab Pickup, Vehicle #422 – 1981 Ford LT9000 10-yd Dump Truck, and Vehicle #426 – 1998 GMC K2500 (3/4 Ton 4X4) Extended Cab Pickup. The Board has previously declared these vehicles as surplus and Resolution No. 2007-1092 formalizes the surplus declaration and provides for the sale of the vehicles. Once the resolution has been signed, the unit/vehicles will be sent to the State auction.

Upon motion of Commissioner Gibson, which was duly seconded by Commissioner Tweddle, the Board unanimously **adopted** Resolution No. 2007-1092, declaring certain items of property to be surplus and authorizing the sale thereof pursuant to R.C.W. 57.08.015.

**#52, 2007 Water Service Line Renews Project – King County Area Rebid** - Dale Haase reported on bids for this project, and asked that the Board reject all bids because of too many bid discrepancies. Mr. Pritchett reported that an attorney contacted him about bid acceptance procedures. Mr. Pritchett commented to the Board on competing bid policy. He feels that in order to avoid any potential lawsuits over this, it would be better to re-open the bidding process in the late fall. Discussion was further held on bid estimates and how they are derived.

Upon motion of Commissioner Gibson, which was duly seconded by Commissioner Tweddle, the Board unanimously **rejected** all bids.

#### INFORMATION ITEMS

**#1, Insurance Renewal 2007-2008:** The District's Insurance Broker, Kim Wilson, of Brown and Brown, presented an analysis of the year 2007-2008 insurance renewal quotes. The renewal effective date is September 1, 2007. Mr. Wilson explained to the Board that coverage is placed in the following three different insurance programs: 1) Property insurance through Affiliated FM Insurance. Municipalities are one of their specialties; 2) Liability & Automobile Ins. through the Cities Insurance Association of Washington (CIAW); and 3) Petroleum Storage Tank Liability through Zurich American. He went over details on property insurance renewal and reported an increase in District property values by 12%. He mentioned that construction costs have gone up drastically over the past couple of years. He reviewed the deductible amounts and earthquake insurance. A question was raised about the mechanical breakdown limit increase from \$50,000 to \$100,000,000. Mr. Bowman asked about floater lids and if they would fall under mechanical breakdown if they failed. Discussion was further held about taking Kim Wilson on a tour of District. Mr. Wilson reviewed the General Liability limits and deductibles. Public Official Liability coverage limits and the deductibles were explained. Employment Practices Liability limits and deductibles were reviewed. Mr. Wilson explained that there was no physical liability under this section. Automobiles coverage, Employee Theft coverage and deductibles were reviewed. The Annual premium for all Liability coverage and Employee Theft coverage was \$111,948.00. The Storage Tank Liability coverage and deductible amounts were reviewed. Mr. Wilson explained that the premium for this liability is up 12%, but the rate is the same. He made a correction to the figures in the Premium Summary in that the Liability should be \$111,498.00 and bottom number should be \$271,920. Discussion was held about District vehicles and their values. Mr. Wilson added that they did get an additional quote to add another \$9,000,000.00 for Liability, which would increase the premium by \$4,298.00. The Board asked Linda Kochmar if she was comfortable with these quotes and she replied that she was. Ms. Kochmar also stated that she would recommend the increase in Liability coverage. Mr. Bowman commented on the second supply project. Questions were brought up about various scenarios of disaster that would warrant a higher Liability limit. The Board and insurance committee were all happy with this

insurance proposal and thanked Mr. Wilson for his presentation. Further discussion was held about possibly having an appraisal of District property to determine its current value.

Upon motion of Commissioner Gibson, which was duly seconded by Commissioner Tweddle, the Board unanimously **amended** the agenda to add **Action Item #53, Insurance Renewal 2007 – 2008; Approval.**

**Action Item #53, Insurance Renewal 2007 - 2008; Approval:** Upon motion of Commissioner Gibson, which was duly seconded by Commissioner Tweddle, the Board unanimously **approved** the insurance renewal purchase at a proposed cost of approximately \$271,920.00.

**#2, New Department of Health (DOH) – Water Use Efficiency (WUE) Rule**  
**Overview:** Tim Osborne was asked by Mr. Bowman to present this item to the Board. Mr. Osborne reported that back in 2003, under the Municipal Water Law, the Department of Health was given direction to adopt a water use efficiency rule which now replaces the 1994 Conservation Planning Requirements guidance document. The first element is the Water Use Efficiency Planning Requirements which require municipal water suppliers to collect data, forecast demand, evaluate leakage, enact water use efficiency measures, and implement a water use efficiency program to meet their goals. The second element is Distribution Leakage Standard which requires municipal water suppliers to meet a state distribution system leakage standard in order to minimize water loss from their distribution system. In order to calculate leakage, source and customer service meters are now required. The District has been in compliance with this element for the past three (3) years and is below the limit levels. The third element is Water Use Efficiency Goal Setting and Performance Reporting which requires municipal water suppliers to set water use efficiency goals through a public process and report annually on their performance to their customers, Department of Health and also make the information available to the public. The rule requirements and compliance deadlines are summarized in a table format entitled Summary of Water Use Efficiency Rule Requirements. The District needs to address this and set goals by January 22, 2008. A public hearing will need to be held on this prior to January 22, 2008. Mr. Bowman discussed the comprehensive plan and Department of Ecology and Department of Health working goals for now. Once the goals and measures are determined, the District will need to add additional annual water deduction totals, leakage loss numbers, goals, efficiency, measures of goals, whether we are meeting our goals, and, if not, what we need to do to meet our goals. Discussion was held on State and goal requirements and how this rule came about and its purpose. Mr. Bowman stated there are a minimum of 9 measures for water conservation activities that must be met and that the District has 10. Mr. Bowman will be putting this in the agenda for the 2<sup>nd</sup> meeting in August or September to address goals.

**#3, Computerized Maintenance Management System:** Dale Haase reported on the history of staff looking at various Computer Maintenance Management Software Systems to help in tracking and producing reports of information used daily. The system selected by our consultant, Westin, became too expensive to implement and support. The project was put on hold

until staff had sufficient time to research available options. Over the last two months, staff has scrutinized three different programs to ascertain if they could meet certain requirements. The three programs reviewed are IWORQ, Mpulse, and GBA Master Series. Mr. Haase provided a handout to the Board that has a cost breakdown in modules. The District currently has \$260,000 budgeted for the Computerized Maintenance Management System. IWORQ system was minimal in cost and user friendly, but would only support Field Operations. Mpulse and GBA both serve the District's needs, but Mpulse does not offer integration with our current GIS. Mpulse offered to develop a GIS integration package, however, the true costs and reliability are unknown and therefore risky. GBA Master Series meets all requirements and is currently being used by several agencies in the Puget Sound area, including Highline Water District. It would be staff's recommendation to purchase the GBA Master Series software in conjunction with the necessary training and support to have this become fully operational. The costs in the GBA Master Series handout does not include labor to implement, however, given the low cost of software, the District could hire someone to come in and start training staff, soon. Discussion was further held on staff requirements and necessary training and support to have this become fully operational. Discussion was also held on concerns in getting documentation to input and how this process would be put into place. The Board commented that they would like the process spelled out and details on how it would be phased in. Discussion was held on integration of Geographic Information Services (GIS) and the Computerized Maintenance Management System. Mr. Bowman said he will meet with Don Perry, Jim Fleming and Gene Yoder and come back before the Board with selection of a program to use. The Board would like to see a plan on how this system will be implemented, including all hardware and staff to operate it.

**#4, Unit 414 Replacement:** Dale Haase provided the Board with more information on vehicles to replace Unit 414, the 1993 Chevrolet station wagon. He reported that the easiest way to purchase a replacement vehicle would be to go off the state bid, but the only vehicle left on the bid list is a Chevrolet Impala. Discussion was held on fuel saving costs vs. cost of vehicle. Discussion was also held about the bidding process and needing three different bids. Mr. Haase reviewed the specifications of the Ford Focus compact sedan and Ford Fusion mid-size sedan. It was the opinion that the Ford Fusion would better meet the District's needs. The Board would like this brought back as an action item after receiving bids.

#### COMMITTEE REPORTS/COMMISSIONER COMMENTS

Commissioner Gibson commented on a Water quality complaint and how good of a job Stan French did in following up on this. The Board Operations and Maintenance Committee meeting will be moved from August 14<sup>th</sup> to August 15<sup>th</sup> at the Administrative Conference Room at 9:00 am.

#### STAFF REPORTS

**General Counsel:** Mr. Pritchett reported he will be out of town until Monday August 6<sup>th</sup>. He mentioned the travel summary report from Pete Hupperten and how Travel is a very time

consuming job. He reported that this is now being performed by Debi Manglallan, and that Mr. Hupperten will have a better opportunity to focus on public works projects. Discussion was held on the selection of on-call engineering consultants and the process to make the selection. Mr. Pritchett suggested going from a two year list to a three year list because of the time it takes to do this. The Auditor also suggested going to a longer period of time because of inefficiency to do these every year. The Board was supportive of this idea. .

**Director of Finance/Information Systems:** Mr. Dennis reported on having the contract with Continental Utility completed and that the conversion process has started. He also reported that the deadline on bids for the server room is August 10, 2007.

**Engineering/Water Manager:** Mr. Bowman mentioned that the School District received acceptance of a sewer system extension and that the Nash property can now connect to the sewer system. Mr. Bowman discussed having deposits, something monitory, for future connections of this type. Mr. Bowman reported that they are checking on references for the two candidates chosen to fill the Engineering Tech II positions. Letters went out on Northlake for individual costs. Commissioner Gibson commented on Kevin Wiseman doing a great job in answering community questions on this. Mr. Bowman reported that water demands are starting to creep back up.

#### CLOSED SESSION

At approximately 8:20 p.m., the regular meeting was recessed in order to conduct a Closed Session for the purpose of discussing three grievances and collective bargaining. It was estimated that there would be action taken at the close of the session. It was stated that the closed session would last approximately forty minutes. At approximately 9:00 p.m., the Board voted to extend the meeting for fifteen minutes and announced that the closed session would continue until approximately 9:15 p.m. At approximately 9:13 p.m., the closed session was adjourned and the regular meeting was reconvened.

The Acting President requested that the Personnel Committee meet and bring back recommendations to the Board on collective bargaining for the up-coming contract negotiations.

Upon motion of Commissioner Twedde, which was duly seconded by Commissioner Gibson, the Board unanimously **approved** amending the agenda to add **Action Items #54, #55, and #56, Employee Grievances.**

**Action Item #54, Step 4 Grievance #2007-RIDEA-0525-01:** Upon motion of Commissioner Stewart, which was duly seconded by Commissioner Gibson, the Board unanimously denied the Step Four Grievance submitted by the IUOE Union on behalf of Albert Rideaux.

**Action Item #55, Step 4 Grievance #2007-SCHUM-0601-01:** Upon motion of Commissioner Nowicki, which was duly seconded by Commissioner Gibson, the Board unanimously accepted the grievance on the request to post a Senior Operator position and denied the request by the grievant for compensation.

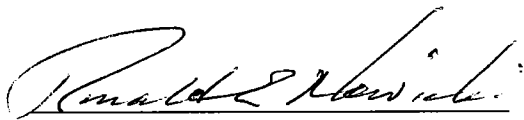
**Action Item #56, Step 4 Grievance #2007-HAMRI-0531-01:** Upon motion of Commissioner Stewart, which was duly seconded by Commissioner Tweddle, the Board unanimously denied the Step Four Grievance submitted by the IUOE Union on behalf of David Hamrick.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at approximately 9:18 p.m.

<u>ABSENT</u>	<u>Yea</u>	<u>Nay</u>	<u>Abstain</u>
_____ President Miller			

ATTEST:

 _____ Vice President Nowicki	<input checked="" type="checkbox"/> _____ Yea	_____ Nay	_____ Abstain
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 _____ Secretary Gibson	<input checked="" type="checkbox"/> _____ Yea	_____ Nay	_____ Abstain
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 _____ Commissioner Stewart	<input checked="" type="checkbox"/> _____ Yea	_____ Nay	_____ Abstain
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 _____ Commissioner Tweddle	<input checked="" type="checkbox"/> _____ Yea	_____ Nay	_____ Abstain
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