

LAKEHAVEN UTILITY DISTRICT
King County, Washington

REGULAR BUSINESS MEETING
September 13, 2007

A regular meeting of the Board of Commissioners of the Lakehaven Utility District, King County, Washington, was held on September 13, 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 Stewart to lead 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 MINUTES

Upon motion of Commissioner Nowicki, which was duly seconded by Commissioner Tweddle, the Board, with Commissioners Nowicki, Gibson, Stewart and Tweddle voting in the affirmative and Commissioner Miller abstaining, **adopted** the minutes of the July 26, 2007 Board meeting as presented. Upon motion of Commissioner Nowicki, which was duly seconded by Commissioner Tweddle, the Board unanimously **adopted** the minutes of the August 16, 2007 and August 23, 2007 Board meetings as presented.

APPROVAL OF AGENDA

Mr. Pritchett requested to add Action Item #61, Fees and Charges Resolution No. 2007-1093, to the agenda.

The Board requested to add Information Item No. 3, General Personnel Issues, to the agenda.

Upon motion of Commissioner Tweddle, which was duly seconded by Commissioner Nowicki, the Board unanimously **approved** the evening's agenda as presented with addition of Action Item #61, Fees and Charges Resolution No. 2007-1093 and Information Item No. 3, General Personnel Issues.

CONSENT AGENDA

Upon motion of Commissioner Nowicki, 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 8/27/07, 8/29/07, 8/30/07, 8/31/07, 9/10/07, 9/12/07, 9/13/07 and 9/14/07.

Maintenance Fund No. 11-333-0510

8/27/07 Voucher no. 9715, total amount of \$61,790.59;
8/29/07 Voucher nos. 9716-9729, total amount of \$5,241.33;
8/30/07 Voucher nos. 9730-9782, total amount of \$170,847.88;
9/12/07 Voucher no. 9814, total amount of \$56.06;
9/13/07 Voucher nos. 9815-9912, total amount of \$302,159.66.

Construction Fund No. 11-333-3510

8/31/07 Voucher nos. 9783-9798, total amount of \$166,880.80;
9/14/07 Voucher nos. 9913-9928, total amount of \$32,604.03.

PWTF Redondo Outfall Fund No. 11-333-6040

9/14/07 Voucher no. 9929, total amount of \$5,051.58.

Payroll – Fund No. 11-333-0530 09/10/07

Warrants:	\$	0.00
Direct Deposits:	\$	189,631.72
Benefit Warrants:	\$	146,147.25
		(voucher nos.9799-9813)
<u>Withholding/FICA</u>	\$	81,415.97
Total Amount of:	\$	417,194.94

ACTION ITEMS

#59, S 348th Street – 9th Ave S to SR 99 Interlocal Agreement Approval: John Lee reported that the preliminary engineering study of potential conflicts with District facilities was completed on June 5, 2007. The study identified water facilities in conflict with the proposed storm drain improvements on the south side of 348th Street. Attached as Exhibit A is the proposed Interlocal Agreement with the City of Federal Way, detailing the scope of work and itemizing the District facilities that conflict with the City's street improvement. Exhibit B gives an estimate for final design, construction, project administration and construction management costs, including Lakehaven Utility District utility relocation and adjustments. Discussion was held on cost in Exhibit B and the Design costs of \$13,678.00, included in the \$122,637.00 figure. Mr. Lee reported that this amount is under the budgeted cost. Mr. Pritchett offered we are not obligated to pay for the portion that moves the facilities in the easement, only that which is in the

right-of-way. Mr. Lee requested that the Board approve the Interlocal Agreement and authorize the General Manager to execute it on behalf of the District.

Upon motion of Commissioner Nowicki, which was duly seconded by Commissioner Tweddle, the Board unanimously **approved** the S 348th Street – 9th Ave S to SR 99 Interlocal Agreement and authorized the General Manager to execute it on behalf of the District in the estimated amount of \$122,637.00, including tax.

#60, Pandemic Influenza Response Plan: Mr. Perry reported that back in July we brought forward to the Board the need to have the District update the Emergency Response Plan to include a section on how to respond to a Pandemic Influenza incident. Mr. Perry provided the Board with a memorandum explaining the necessary updates and changes needed in the Emergency Response Plan, as well as a copy of the proposed Pandemic Influenza Response Plan. The Board had questions as to the wording in several sections of the proposed Plan and wanted clarification language added in the Plan to include that no action would be taken until King County Department of Health declares a Pandemic event.

Mr. Perry requested to postpone approval of the Plan until he was able to provide the Board with additional information.

INFORMATION ITEMS

#1, 2008 Water and Sewer System Rates: Commissioner Miller recessed the regular meeting and opened the public hearing for the purpose of hearing testimony from the public regarding the proposed 2008 Water and Sewer System Rates

Mr. Dennis introduced Ed Cebon to report on Water and Sewer Rate Options. Mr. Cebon reported on Key Fiscal Policies, addressing Full System Reinvestment (an issue that is being addressed nationwide by other utilities); Revenues, excluding Capital Facilities Charges (CFCs), that must be sufficient to cover operating expenses plus 1.50 times annual debt services; Rates, incorporate lifeline and conservation features; and Rate Stabilization Reserve. He addressed the Recommended Water Capital Reinvestment (scenario 1) and the Recommended Water Rate Forecast (scenario 1) in his presentation. He also reported on the Water Bill Comparison List indicating that Lakehaven Utility District's rates are much lower than other local utility districts. Discussion was held on utility taxes and if these were reflected in the comparison rates. Mr. Cebon indicated that the Comparison List was for the utility charges only. He mentioned that because of the District's low rates, the percentage rise from a unit of increase is higher than if the base rates were higher. Mr. Cebon then reviewed the Recommended Sewer Capital Reinvestment (scenario 1) and the Recommended Sewer Rate Forecast (scenario 1). He also commented on the Sewer Bill Comparison List and how Lakehaven charged substantially less rates than other local utilities. Discussion was held on SIC level customers and high usage customers having incentives to take action in helping reduce high volumes of sewer usage (best practices).

The Board thanked Ed Cebron for all his hard work and for his presentation on Water and Sewer Rate Options. The 2008 Water and Sewer Systems Rates Resolution (as presented in this proposal) will be presented to the Board as an action item at the September 27, 2007 meeting. The Board would like to reserve the right to come back and review sewer rates.

Action Item #61, Fees and Charges Resolution No. 2007-1093: Mr. Pritchett reported on the collection of fees and charges and implementation of such fees and charges. He commented that the monitoring and reconciliation system is a better way to collect fees and charges and that the District will now have the ability of its billing system to do this automatically. He went on to give examples. The new program would begin on January 1, 2008. All systems will continue to be monitoring and then reconciliation, having the option of converting additional capacity to a leased capacity. This is incorporated into the new resolution to read as follows: "Following such payment and connection of the property to the water and/or sewer systems, the District will charge the property for any excess capacity used in the respective systems during any bi-monthly billing period for water and sewer rates in which capacity shall exceed the acquired capacity in the system, based on water consumption at the property during the period. The charge shall equal 1% of the amount of the current Capital Facilities Charge for each ERU of additional capacity in the water and/or sewer system and shall be billed in the following regular monthly billing cycle for water and sewer rates. For purposes of determining excess capacity charges, the demand allocation shall be rounded down to the next full ERU increment."

The second part to this is that it only applies to non-single family residential property. This method is more consistent for the property owners and makes them pay their fair share of the CFCs. This would occur in 2009 to give the property owners an opportunity to be notified of this and to see ahead of time, under their current consumption patterns, what the charges would be. The language in the resolution reads, "Commencing January 1, 2009, non-single family residential property owners using more capacity in the water and/or sewer system than purchased through payment of Capital Facilities Charge, or other charge for general facilities, during any bi-monthly period, shall be charged a capacity rental charge for such extra capacity based on water consumption at the property during the period. The charge shall equal 1% of the amount of the Capital Facilities Charge for each ERU of additional capacity in the water and/or sewer system and shall be billed in the following regular monthly billing cycle for water and sewer rates. For purposes of determining excess capacity rental charges, the demand allocation shall be rounded down to the next full ERU increment." This is more of an automatic feature and the billing system will translate it. The District would like to generate this now through the billing system to give customers examples of what they would owe when the new system goes into affect. District staff will be trained to respond to customers questions. All non-single family residential property owners would be included in this.

Mr. Pritchett reported that there may be some further changes in other fees and charges, but that these could be brought back as an update to these rates. He also commented that he

would include a conformed copy of Resolution No. 2007-1093 in the next agenda packet to the Board as well as a legislative edit copy.

Hearing no testimony, Commissioner Miller adjourned the public hearing and reconvened the regular meeting.

Action Item #61, 2008 Fees and Charges Resolution No. 2007-1093; Approval: Upon motion of Commissioner Nowicki, which was duly seconded by Commissioner Gibson, the Board unanimously **adopted** Resolution No. 2007-1093, 2008 Fees and Charges.

#2, Redondo Bio-Tower Piping Purchase: Chris McCalib reported to the Board the need to replace the existing 16-inch ductile iron pipe system located in the pump gallery at the Redondo Wastewater Treatment Plant. He reported that the existing pipe is 24-years old and has significant external corrosion. After tests were conducted, it showed significant pit corrosion in 6 different areas in the pipe. They have installed temporary pipe bands and patches to the pipe. Mr. McCalib has scheduled District staff to replace the pipe and the bid is for materials only. They received a bid from H.D. Fowler Co, Inc., in the amount of \$47,546.74, including tax, for the cost associated with piping, fittings, related appurtenances and freight of the replacement piping system. There is a problem in scheduling the replacement right away due to having to take a bio-tower down.

Upon motion of Commissioner Nowicki, which was duly seconded by Commissioner Gibson, the Board unanimously **amended** the agenda to add **Action Item #62, Redondo Bio-Tower Piping Purchase; Approval.**

Action Item #62, Approval: Upon motion of Commission Tweddle, which was duly seconded by Commissioner Stewart, the Board unanimously **approved** the bid from H.D. Fowler Co. Inc., in the amount of \$47,546.74, including tax, and **authorized** the General Manager to sign the contract on behalf of the District.

INFORMATION ITEMS (CONTINUED)

Info #3, Review General Personnel Issues: Commissioner Nowicki reported that he would like to review personnel hiring and practicing policies. He commented that he would like to have someone come in and review the hiring practices and promotions within the District. He suggested that the District have some type of awards/incentive program for employees. He believes that pay caps and educational tuition programs should be reviewed. Mr. Pritchett commented that under the union contract, educational tuition programs and salary ranges are addressed. Discussion was held on having a third-party come in to review pay caps, hiring and promotions. Further discussion was held on benefits and recognition programs and how these are affected under union contracts.

COMMITTEE REPORTS/COMMISSIONER COMMENTS

Commissioner Nowicki provided information on the Emergency Management Action Plan (EMAC) and Environmental Protection Act (EPA) and specific security risks for water/wastewater. Commissioner Gibson commented on the Government Affairs meeting with the City that he and Commissioner Tweddle attended. Discussion was held on economic development and how the Comprehensive plan will need to address the expansion/size of sewer lines to accommodate the projected growth. Commissioner Stewart commented on Pacific Northwest Clean Water Association conference that Commissioner Miller, Don Perry, Chris McCalib and he attended in Vancouver, Washington. Commissioner Miller commented on the conference as well and reported that he thought the classes were very informational.

STAFF REPORTS

General Counsel: Mr. Pritchett reported that he spoke with Phil Watkins and that the Board needs to consider if the District will require a lobbyist for the 2008 legislative session. Mr. Pritchett asked the Board if there was any more interest in joining the association rather than having a lobbyist. The Board would like Mr. Watkins to provide information to Mr. Pritchett on this matter. Commissioner Gibson mentioned working with the Chamber on this. Mr. Pritchett reported on the status of the server room relocation and remodel. He also commented about a District customer coming in and asking why the District doesn't have an automatic door at the front entrance for handicapped persons. He advised the Board that the price for putting in an automatic door would cost approximately \$15,000.00. The Board did not express interest in installing an automatic door. Mr. Pritchett also reported that the first union negotiation meeting will be held on October 15, 2007, and that an arbitration hearing is scheduled for September 27, 2007.

Director of Finance/Information Systems: Mr. Dennis reported that the Department of Revenue was in to review District records, and the District should receive a refund of approximately \$60,000.00. The State auditors have been at the District for the past two weeks and should complete the audit within the next couple of weeks. He commented that there have been no problems with anything at this point. Mr. Dennis reported on the server room project and that work was anticipated to begin within the next couple of weeks. He stated that a testing lab will need to come in and test for asbestos prior to any drilling. He commented that the billing system project is moving along nicely.

Engineering/Water Manager: John Bowman reported that he and Tim Osborne took a tour in Oregon to look at some ASR Wells to observe their down-hole systems process. He commented that it was a very worthwhile tour. Mr. Bowman reported that they will begin performing some testing for the unregulated contaminate rule which they are required to do under the EPA regulations, as well as sampling. He further commented that they will be spending a fair amount of money for this through 2008.

General Manager: Mr. Perry commented on the conference in Vancouver and felt it was very informational. He commented that he is still waiting for Paul Burton to present the information needed to process the paperwork. Mr. Burton hasn't provided the District with the necessary financial figures. Mr. Perry mentioned to the Board that they were entitled to elect a Board member and an alternate to attend Metropolitan Water Pollution Abatement Advisory Committee (MWPAAC) meetings. He reported that he would put this on the next Board meeting agenda as an informational item.

EXECUTIVE SESSION

At approximately 8:45 p.m., the regular meeting was recessed in order to conduct an Executive Session for the purpose of discussing potential litigation (RCW 42.30.110(i)). It was stated that the Executive Session would last approximately 10 minutes. At approximately 8:55 p.m. the Executive Session was adjourned and the regular meeting was reconvened.

CLOSED SESSION

At approximately 8:55 p.m. the regular meeting was recessed in order to conduct a Closed Session for the purpose of discussing a grievance. At approximately 8:59 p.m. the closed session was adjourned and the regular meeting was reconvened.

Upon motion of Commissioner Nowicki, which was duly seconded by Commissioner Tweddle, the Board unanimously **approved** amending the agenda to add **Action Item #63, Employee Grievance**.

Action Item #63, Step 4 Grievance # 2007-STOER-0712-01: Upon motion of Commissioner Nowicki, which was duly seconded by Commissioner Tweddle, the Board unanimously **denied** the Step Four Grievance submitted by the IUOE Union on behalf of Paul Stoermer.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at approximately 9:00 p.m.

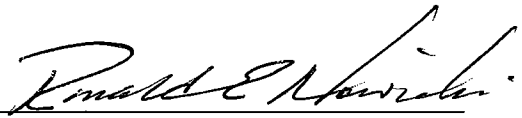
President Miller

Yea

Nay

Abstain

ATTEST:



Vice President Nowicki

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



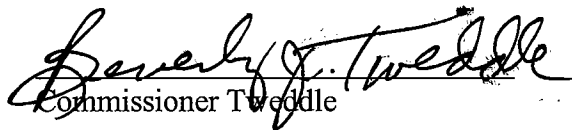
Secretary Gibson

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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