

LAKEHAVEN UTILITY DISTRICT  
King County, Washington

REGULAR BUSINESS MEETING  
December 13, 2007

A regular meeting of the Board of Commissioners of the Lakehaven Utility District, King County, Washington, was held on December 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 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 MINUTES

Upon motion of Commissioner Tweddle, which was duly seconded by Commissioner Nowicki, the Board unanimously **adopted** the minutes of the meetings on November 8, 2007 and November 20, 2007 as presented.

APPROVAL OF AGENDA

Commissioner Miller requested to include an Executive Session to discuss property acquisition and personnel matters.

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 Executive Session to discuss property acquisition and personnel matters.

CORRESPONDENCE

Commissioner Miller mentioned the 2008 handout he wanted to share with the Board that he received at the Public Risk Insurance Management Association meeting. Discussion was held about the proposal to record executive sessions at Board meetings and the impacts this may have.

CONSENT AGENDA

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

1. Accounts Payable Vouchers and Payroll Transactions with the warrant dates of 11/13/07, 11/14/07, 11/15/07 11/23/07, 11/28/07, 11/29/07, 11/30/07, 12/4/07, 12/10/07, 12/12/07, 12/13/07 and 12/14/07.

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

11/13/07 Voucher nos. 10461-10478, total amount of \$3,335.42;  
11/14/07 Voucher nos. 10479-10596, total amount of \$350,565.87;  
11/28/07 Voucher nos. 10637-10647, total amount of \$12,821.98;  
11/29/07 Voucher nos. 10648-10729, total amount of \$333,078.31;  
12/12/07 Voucher nos. 10771-10772, total amount of \$536.67;  
12/13/07 Voucher nos. 10773-10893, total amount of \$206,008.26.

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

11/15/07 Voucher nos. 10597-10623, total amount of \$426,680.03;  
11/30/07 Voucher nos. 10730-10743, total amount of \$22,740.66;  
12/04/07 Voucher nos. 10745-10756, total amount of \$272,714.36;  
12/14/07 Voucher nos. 10894-10911, total amount of \$97,232.96.

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

11/30/07 Voucher no. 10744, total amount of \$12,165.48.

| <b>Payroll – Fund No. 11-333-0530</b>                                      | <b>11/23/07</b>     | <b>12/10/07</b>     |
|--|---------------------|---------------------|
| Warrants:  | \$ 2,297.06         | \$ 217.53           |
| Direct Deposits:   | \$185,445.31        | \$186,158.15        |
| Benefit Warrants:<br>(voucher nos. 10624-10636) (voucher nos. 10757-10770) | \$ 54,618.28        | \$144,863.53        |
| Withholding/FICA   | \$ 75,762.06        | \$ 75,625.40        |
| <b>Total Amount of:</b>  | <b>\$318,122.71</b> | <b>\$406,864.61</b> |

ACTION ITEMS

As **Action Item #82** called for a public hearing at 6:30 p.m. and it was not yet 6:30 p.m., it was the consensus of the Board to skip to **Action Item #83** and continue on with other agenda items until it was time to recess for the public hearing at 6:30 p.m.

**#83, 2007 – 16<sup>th</sup> Avenue Tanks A & B Exterior Recoating – Bid Award:** Mr. French reported on water tanks A & B located near 16<sup>th</sup> Avenue. He reported that the tanks had been

hidden for a long time by surrounding trees and how the trees are no longer there because of developments. The tanks are very visible now and there is graffiti on the tanks. Consultants were hired to give an analysis and the tanks need to be cleaned and recoated. Mr. French reviewed the bids received with the Board. The tanks were last painted in 1994. The new tank coating will consist of an anti-graffiti coating so that any future graffiti can be easily removed. Discussion was held on ideal temperature and moisture content for applying tank coatings and paint color. Mr. French commented that the paint color hadn't been decided on yet. Mr. French reported that in checking references, he found HCI Industries & Marine Coatings to be a very reputable firm.

Upon motion of Commissioner Nowicki, which was duly seconded by Commissioner Tweddle, the Board unanimously **approved** of the bid proposal from HCI Industries & Marine Coatings in the amount of \$48,950.55, including tax, for the 2007 16<sup>th</sup> Ave Tanks A & B Exterior Recoating Project and authorized the General Manager to execute a contract on behalf of the District.

**#84, 2007 – Well No. 32 ASF #1 Drilling Project; Re-Bid;** Mr. French reported that the packet to the Board included a bid tabulation sheet and bid opening report. Requests for proposals for drilling Well 32 were advertised in November 2007 and the District received only two proposals from qualified bidders on December 4, 2007. He noted that due to the recent storm and flooding, it prevented travel and shipping through southwestern Washington, and a third bid submittal was received a day late and was not accepted or opened. The hydrogeologist's estimate for drilling Well 32 was \$508,443.21, including tax. The two bids that were received were from Charon Drilling, Inc. of Graham, Washington, in the amount of \$642,212.41, including tax, and Boart Longyear Company of Milton, Washington, in the amount of \$462,532.06, including tax. Boart Longyear Company's bid bond form did not include standard District language. The invitation to Bid and Bidder's checklist indicate that the District's Bid bond form must be used and included with the bid submittal. This can be viewed to make the bid non-responsive and disqualify the bidder. Charon Drilling's bid amount is 26.5% higher than the hydrogeologist's estimate and after reviewing the unit amounts submitted in their proposal, staff determined the Charon Drilling bid exceeds an acceptable cost amount for completing the project. Mr. French reported that staff would like the Board to consider rejecting all bids for good cause and direct staff to re-advertise bid proposals for this project.

Upon motion of Commissioner Gibson, which was duly seconded by Commissioner Tweddle, the board unanimously **rejected** all bids for good cause and directed staff to re-advertise bid proposals for the 2007 – Well No. 32 ASR #1 Drilling Project.

**#82, Street Lighting System Establishment – 8<sup>th</sup> Ave SW and SW 313<sup>th</sup> Ct; Public Hearing @ 6:30 p.m.; Adoption of Resolution No. 2007-1098:** 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 on the street lighting proposal and adoption of Resolution No. 2007-1098. Hearing no testimony, Commissioner Miller adjourned the public hearing and reconvened the regular hearing.

Upon motion of Commissioner Gibson, which was duly seconded by Commissioner Tweddle, the Board unanimously **adopted** Resolution No. 2007-1098, establishing a street lighting system for the area within the District described as 8<sup>th</sup> Avenue SW and SW 313<sup>th</sup> Court and setting an effective day for the provision of street lighting services as January 28, 2008.

**#85, King County Comprehensive Plan – Letter from Water Utilities;** Mr. Bowman reported that King County has published proposed revisions to their comprehensive plan. The utility section of the plan includes a number of revisions that may impact how water utilities perform their own planning processes. Several water utilities in King County have met to discuss the county's proposed changes and are preparing to issue a joint letter to cover general comments that appear to be of mutual concern amongst water utilities. Mr. Bowman handed out a Revised Exhibit A to this action item that is a draft of a letter from Water Utilities of King County to Ron Sims, King County Executive. This letter is expected to be completed soon and water utilities in King County will be asked to sign this letter prior to transmittal to King County. Staff concurs with the general comments to the letter and would recommend that the Board authorize the District's participation in signing the letter. Staff is also compiling a separate list of comments for submittal to King County that more specifically addresses the District's concerns and is attached as Exhibit B to this action item.

Upon motion of Commissioner Gibson, which was duly seconded by Commissioner Nowicki, the Board unanimously **authorized** the President of the Board to sign a coordinated comment letter to King County from Water Utilities of King County substantially in the form as is shown in the revised Exhibit A, as well as a letter to King County that more specifically addresses the District's concerns.

**#86, Board Meeting Schedule:** Commission Miller reported that the next regularly scheduled Board meeting is on December 27, 2007, and due to vacation schedules during Christmas week, this meeting should be cancelled. Discussion was held if there is a need to set a special meeting in December. It was determined that another meeting in December isn't necessary.

Upon motion of Commissioner Gibson, which was duly seconded by Commissioner Stewart, the Board unanimously **approved** cancelling the second regular Board meeting on December 27, 2007 and holding the next regular Board meeting on January 10<sup>th</sup>, 2008.

**#87, Rates and Fees and Charges Resolution Amendments:** Mr. Pritchett reported on items in the Rates and Fees and Charges Resolutions. The Board previously adopted the Rates Resolution No. 2007-1094. The rate for sewer system loading applicable to the SIC (Standard Industrial Code) No. 5 classification should be modified to reflect that the rate for B.O.D. (biological oxygen demand) and suspended solids loading is forty two cents (\$.42) per pound in 2008 and forty four cents (\$.44) per pound in 2009. Since the adoption of the Fees and Charges Resolution No. 2007-1093, the consultant has determined that the Capital Facilities Charge

(CFC) for properties discharging to King County/Metro or Midway Sewer District treatment facilities is \$1,614 per Equivalent Residential Unit (ERU) (previously \$1,369 per ERU). Staff has also determined that the CFC rate for the sewer system should be reduced from \$3,000 per ERU to \$2,891, based on a reduction in the future facilities portion of the charge. The portion of the water system CFC representing the cost for future facilities should be modified to reflect that the amount is \$1,578 per ERU. The rate for lien filings paid to King County will be increased to \$94.00 per lien on January 1, 2008, and the amount of the lien filing charge should be increased accordingly.

Mr. Pritchett introduced Mr. Ed Cebron, the District's rate consultant, to comment on the capacity rental matter. Mr. Cebron commented that he wants to be sure the District has a sensible way to approach this and that he would like input from the Board. Commissioner Gibson mentioned the school district had concerns with the way ERUs were implemented under the new program. Commissioner Nowicki and Mr. Pritchett met with members of the Chamber on this matter as well. Mr. Cebron commented that this is a charge that can be difficult to explain. Discussion was held on the option to purchase more ERUs and peak capacity vs. lower capacity. Mr. Cebron presented a PowerPoint presentation with Key Points discussing the quantity aspects of an ERU of capacity in the systems. ERU capacity is established as an average demand and actual usage includes periodic peaking above this average demand. Using consumption patterns established from prior years, Mr. Cebron believed it was reasonable to consider that each ERU of capacity in the water system included an implicit peaking of up to 400 gallons of water use per day. The actual peaking of sewer system use was not as significant as water system peak use. Mr. Cebron believed that the implicit peaking of the sewer system could be set at 245 gallons per day as a statistical grouping feature of actual demand. Mr. Dennis provided handouts for Estimated Water Leased Capacity Revenues with one handout showing 1 ERU = 255 gallons per day (gpd) and another handout showing with 1 ERU = 400 gpd. Discussion was held by the Board on the ERU quantity levels. Discussion was further held on a policy for reconciling leaks and repair time limits. The Board felt that the capacity charges could be reconciled similar to how the volume charges were reconciled. The Commissioners expressed a desire that the capacity rental program be understood by the customers and determined that Customer Service would handle questions on the new water and sewer leased capacity issues that may be asked by customers.

Upon motion of Commissioner Nowicki to use 400 gpd for the threshold for leased water capacity and 245 gpd for sewer leased capacity, which was seconded by Commissioner Gibson, the Board unanimously **adopted** Resolution Nos. 2007-1099 and 2007-1100 as presented.

The Board thanked Mr. Cebron for his presentation to the Board. Mr. Pritchett will update the letter to customers to reflect these changes.

**#88, Board Election of Officers:** Commissioner Miller reviewed past positions with the Board and asked for nominations for the position of President of the Board for 2008. After discussion, Commissioner Twedde nominated Commissioner Nowicki as President for 2008 and Commissioner Nowicki accepted the nomination. Hearing no further nominations,

Commissioner Miller moved the nominations be closed. Commissioner Miller called for the question and the vote was unanimous. Commissioner Nowicki was congratulated on his new position as President of the Board for 2008.

Commissioner Miller asked for nominations for the position of Vice President of the Board for 2008. Commissioner Tweddle moved to nominate Commissioner Gibson as Vice President for 2008 and Commissioner Gibson accepted the nomination. Hearing no further nominations, Commissioner Miller moved the nominations be closed. Commissioner Miller called for the question and the vote was unanimous. Commissioner Gibson was congratulated on his new position as Vice President of the Board for 2008.

Commissioner Miller asked for nominations for the position of Secretary of the Board for 2008. Commissioner Nowicki moved to nominate Commissioner Stewart as Secretary for 2008 and Commissioner Stewart accepted the nomination. Hearing no further nominations, Commissioner Miller moved the nominations be closed. Commissioner Miller called for the question and the vote was unanimous. Commissioner Stewart was congratulated on his new position as Secretary of the Board for 2008.

#### INFORMATION ITEMS

**#1, Pump Replacement Project (Lakota & Redondo):** Mr. McCalib brought before the Board a bid summary and proposals for the pump replacement project at the Lakota and Redondo facilities. The project includes the replacement of nine plunger style pumps at Redondo and two plunger style pumps at Lakota. These pumps were originally installed in 1981. The estimated product life of these pumps was 20 years and they have been in use for 27 years. Mr. McCalib reported that he checked to see if the pumps could be refurbished, but due to equipment availability and cost, it is no longer feasible to continue to rehabilitate the existing pumps. There were two agencies that bid on this project, Boerger LLC of Minneapolis, MN and Wm. H. Reilly of Portland, OR. Mr. McCalib handed out a picture brochure of Boerger Pumps made by Boerger LLC. He reported that Boerger LLC is represented locally by Global Sampson of Issaquah, WA. He commented that these pumps are a superior grade in their field. The bid amounts received include the pumps and motors. Lead time is around three (3) months.

Upon motion of Commissioner Nowicki, which was duly seconded by Commissioner Tweddle, the Board unanimously **amended** the agenda to add **Action Item #89, Pump Replacement Project (Lakota & Redondo); Approval.**

**Action Item #89, Pump Replacement Project (Lakota & Redondo); Approval.** Upon motion of Commissioner Tweddle, which was duly seconded by Commissioner Nowicki, the Board unanimously **approved** of the bid proposal from Boerger LLC of Minneapolis, MN, in the amount of \$216,493.20, including tax and freight, for the Pump Replacement Project at Lakota & Redondo, and authorized the General Manager to execute a contract on behalf of the District.

### COMMITTEE REPORTS/COMMISSIONER COMMENTS

Commissioner Tweddle attended a couple of meetings at the city on Economic Development and the Governor Affairs Meeting.

Commissioner Nowicki attended the MWPAAC meeting and reported on same. He also provided the Board a hand out he received at the meeting. He mentioned that there was an open invitation to go and tour Brightwater treatment facilities at any time. He will have notes from the Operations meeting and will send this out in an email and provide hard copies within the next three weeks.

Commissioner Gibson requested a copy of the Economic Development packet and would like more copies made and passed out to everyone. He also reported that Tom Murphy made a plea for the City, School District and Lakehaven to look at ways to utilize bond money and suggested all agencies get together to optimize. Commissioner Gibson agrees we should all work together.

Commissioner Nowicki asked if the District was interested in holding a meeting sometime in January or February at the Lakehaven Center in conjunction with the Chamber of Commerce to inform business members of the new CFC program. Mr. Pritchett said this could be arranged as a special meeting and the District could provide lunch. Commissioner Nowicki reported he will check with the Chamber Director before finalizing arrangements for this. Board members agreed that this would be a good opportunity to help commercial customers understand the new CFC program.

### STAFF REPORTS

**General Counsel:** Mr. Pritchett reported he sent a draft press release to the City on the location of a District staff person at City Hall. He reported that he will have on the agenda for future meetings Board Procedures and Code of Ethics. This is typically handed out at the first meeting in January with rows for comments, changes or questions the Board may have. After receiving Board comments, he will gather them up and have ready for discussion at the second meeting in February to update. He will be meeting with the Union all day on Monday, December 17<sup>th</sup>, for negotiations. They will also be meeting for a half day on Wednesday, December 19<sup>th</sup>. He reported that a couple of arbitration decisions came in that were not favorable. However, one of the decisions does eliminate another grievance that was filed. Commissioner Gibson has reviewed these decisions with Mr. Pritchett and the Arbitrators' decisions are available if anyone would like to review them.

**Director of Finance/Information Systems:** Mr. Dennis reported that the server room relocation project is pretty much complete. He will be providing a time lapse presentation at the

next Board meeting. They are currently working on the second phase to renovate the former server room into a conference room and the old conference room into the Human Resources office. The new utility billing system is going well. A new credit card process has been set up and will be available to District customers the first part of the year. The credit charge to the District will cost a couple cents per transaction.

**Engineering/Water Manager:** Mr. Bowman reported that one of the newly hired Engineer Tech II resigned effective last Friday to stay home with her child. They are still planning on placing Kathy Brown at City Hall on Monday December 17th, but will be challenged to keep her there all of the time because of the resignation of the Engineer Tech II. The District has posted another job opening for the Engineer Tech II position.

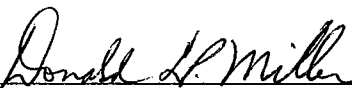
**General Manager:** Mr. Perry reported he was on jury duty this week and may be on a trial next week. He wished everyone a Merry Christmas.

EXECUTIVE SESSION/CLOSED SESSION

At approximately 8:55 p.m., the regular meeting was recessed in order to conduct an Executive Session for the purpose of discussing property acquisition and personnel matters. It was stated that the Executive Session would last approximately 15 minutes and that no action would be taken subsequent tot the Executive Session. At approximately 9:09 p.m. the Executive Session was adjourned and the regular meeting was reconvened.

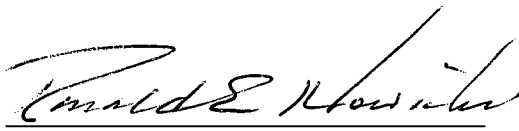
ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at approximately 9:10 p.m.

  
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President Miller

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

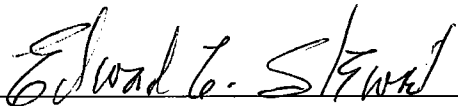
ATTEST:

  
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Vice President Nowicki

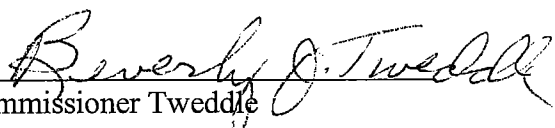
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| Yea                                 | Nay                      | Abstain                  |

  
Secretary Gibson

Yea       Nay       Abstain

  
Commissioner Stewart

Yea       Nay       Abstain

  
Commissioner Tweddle

Yea       Nay       Abstain