

LAKEHAVEN UTILITY DISTRICT
King County, Washington

REGULAR BUSINESS MEETING
January 10, 2008

A regular meeting of the Board of Commissioners of the Lakehaven Utility District, King County, Washington, was held on January 10, 2008 at Lakehaven Center, 31531 First Avenue South, Federal Way, Washington 98003.

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

Ronald Nowicki	President of the Board
Charles Gibson	Vice President of the Board
Edward Stewart	Secretary of the Board
Beverly Tweddle	Commissioner
Donald Miller	Commissioner
Don Perry	General Manager
John Bowman	Engineering/Water Manager
Steve Pritchett	General Counsel
Morgan Dennis	Director of Finance/Information System

ROLL CALL - Swearing in of Board Members

Mr. Pritchett administered the oath of office for Commissioner Don Miller, Position No. 2, Commissioner Ronald Nowicki, Position No. 5, Commissioner Charles Gibson, Position No. 3, and Commissioner Edward Stewart, Position No. 4. Each Commissioner signed the Oath of Office and received a Certificate of Election.

Commissioner Miller passed the gavel to the new President of the Board, Ronald Nowicki.

APPROVAL OF MINUTES

Upon motion of Commissioner Tweddle, which was duly seconded by Commissioner Miller, the Board unanimously **adopted** the minutes of the meeting of December 13, 2007, as presented.

APPROVAL OF AGENDA

Commissioner Stewart requested to include personnel issues to the executive session.

Upon motion of Commissioner Gibson, which was duly seconded by Commissioner Stewart, the Board unanimously **approved** the evening's agenda with the addition of personnel issues to the Executive session.

COORESPONENCE

Commissioner Nowicki commented on the December 20, 2007, letter he received from the Washington Association of Sewer and Water Districts (WASWD), copies of which he provided to the Board and Staff. He would like to set up a meeting for the 3rd Monday night in March or April and invite the Association to come and meet with the District. Discussion was held on past membership with the WASWD. Commissioner Nowicki reported that \$17,816.24 is the current dues to join. All Board members agreed to arrange for this meeting.

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 **12/4/07, 12/24/07, 12/26/07, 12/27/07, 12/28/07 and 1/8/08.**

Maintenance Fund No. 11-333-0510

12/04/07 Voucher no. 10912, total amount of \$53,162.86;
12/26/07 Voucher nos. 10926-10928, total amount of \$2,759.24;
12/27/07 Voucher nos. 10929-11020, total amount of \$255,886.24;
12/28/07 Voucher no. 11048, total amount of \$53,565.38.

Construction Fund No. 11-333-3510

12/28/07 Voucher nos. 11021-11046, total amount of \$367,478.97.

PWTF Redondo Outfall Fund No. 11-333-6040

12/28/07 Voucher no. 11047, total amount of \$7,469.25.

Payroll – Fund No. 11-333-0530	12/24/07	01/08/08
Warrants:	\$ 1,734.83	\$ 0.00
Direct Deposits:	\$170,547.88	\$184,866.03
Benefit Warrants: (voucher nos. 10913-10925) (voucher nos. 11049-11062)	\$ 51,449.69	\$139,650.10
Withholding/FICA	\$ 68,588.31	\$ 78,126.00
Total Amount of:	\$292,320.71	\$402,642.13

2. Abandonment of Federal Way Marketplace, Parcel 1, Sewer Easements.
3. Rate Resolution Amendment, Res. No. 2008-1101.

ACTION ITEMS

#1, OASIS Future Treatment Facility Property: Mr. Osborne reported that the presentation on the acquisition of property will be held in executive session. During open session, Mr. Osborne presented a map of the properties the District is considering to purchase for the OASIS treatment plant site. There are roughly three places that would fit the future treatment plant. Commissioner Stewart asked how large the plant size would need to be in order to facilitate the OASIS treatment facility. Mr. Bowman commented that the minimum required site area for a 78 MGD (OASIS ultimate production) conventional water treatment plant would be around 14 acres. Further discussion of the properties will be conducted in executive session.

#2, Water Conservation Budget – Water Festival Registrations: The Water Conservation Budget contains \$1,000 for the Water Festival event that is sponsored by the City of Kent at Highline Community College each year. The Water Festival will be held on March 26th and March 27th and will include classes to teach 4th and 5th grade students about the water cycle, the history of water, and provide environmental education for them.

The registration cost for the event is \$10 per student, which is paid by the Water District or City where the elementary student's school is located. This year, the District has had an increase in requests for the number of students that would like to attend from the Federal Way School District. Approximately 260 students from Wildwood, Meredith Hill, Rainier View, and Valhalla have requested permission to attend the event, and very likely several more schools will try to register prior to March.

Mr. Pritchett reported that because of the high interest in the Water Festival, the District needs to increase the Water Conservation Budget from \$1,000 to \$3,000.00 to cover the growing interest. Conservation posters come from many children who attend this festival and the information from the class is reflected in the poster participation and entries. All Board members and staff agreed that this is a very worthwhile program.

Upon motion of Commissioner Tweddle, which was duly seconded by Commissioner Miller, the Board unanimously **approved** increasing the budget for the Water Festival event from \$1,000 to up to \$3,000.00 to provide water conservation education for the students from the Federal Way School District.

#3, Board Meeting Schedule: Commissioner Nowicki reported on the letter he submitted to the Board and staff last month about having an additional Board meeting at least every other month on the 3rd Thursday at 1:00 p.m. to discuss a single item. The meeting would be an open meeting, primarily to discuss one item. He would like to schedule these meetings a couple weeks prior at the first regular Board meeting that month. Commissioner Gibson reported that he would like to restrict the agenda for these special meetings to information items only. This would allow the public to attend evening meetings when action items are presented. First

special meeting is set for January 14, 2008 at 12:00 p.m. for an informational meeting on Rates and Capital Facility Charges.

Upon motion of Commissioner Tweddle, which was duly seconded by Commissioner Gibson, the Board unanimously **approved** to schedule a Special Meeting on January 14, 2008, from noon to 1:30 p.m. at the Lakehaven Center to discuss the District's Rates and Capital Facilities Charges. The District will provide a light lunch at this meeting.

#4, Fees and Charges Resolution Amendment, Resolution No. 2008-1102: Mr. Pritchett reported on the need to amend the current Fees and Charges Resolution to include a "peaking" factor in the CFC rental program. Staff has further reviewed the implementation of this program and believes that rental of system demand should be made on a per hundred cubic foot (ccf) of water basis. The Board also considered the leak adjustment provisions being applied to water and sewer system capacity rent as they do to water and sewer rates. These changes, as well as a clerical correction on recording charges and clarification that property owners may purchase additional CFC's at any time, are included in the new version of the Fees and Charges Resolution. Mr. Pritchett directed the Board to the changes in the Resolution and addressed each change individually. Mr. Dennis commented on ERUs and how purchasing additional ERUs can be beneficial to certain customers. This method would allow water usage to be more precise. Mr. Pritchett recommended that the Board adopt Resolution No. 2008-1102 to include the amendments to the Fees and Charges Resolution.

Upon motion of Commissioner Gibson, which was duly seconded by Commissioner Tweddle, the Board unanimously **approved** to adopt Resolution No. 2008-1102 to include the amendments to the Fees and Charges Resolution.

INFORMATION ITEMS

#1, Customer Newsletter Bid 2008-1010: A bid for the Customer Newsletter goes out every three (3) years. This year the bid was requested in both color and no color versions. The low bid for color was actually lower than the bid for no color. The reason for this is the set-up is less because the District Logo is 3-color and the set-up had to be run 3 times. Also the set-up with color is only done once and the logo will look better in a 4-color, and white paper for color is less money than the color stock paper currently being used. Gold Street Design submitted the lowest price for the color version, however, the business is located in Redmond, Oregon and the proofs would have to be shipped to Washington, causing a delay in the process. Additionally, the quality of the proofreading and editing by Gold Street Design in the past has been poor. Mr. Pritchett reported that staff recommends the bid be awarded to Print Solutions of Seattle, Washington in the amount of \$13,708.33 per year for three (3) years. This amount is lower than the \$18,000.00 plus per year that the District is currently paying for no color.

Upon motion of Commissioner Tweddle, which was duly seconded by Commissioner Miller, the Board unanimously **amended** the agenda to add **Action Item #5, Customer Newsletter Bid 2008-2010**.

Action Item #5, Customer Newsletter Bid 2008-2010; Bid Approval: Upon motion of Commissioner Gibson, which was duly seconded by Commissioner Stewart, the Board unanimously **approved** the bid from Print Solutions of Seattle, Washington, as the lowest responsive and responsible bidder, in the amount of \$13,708.33, including tax, per year for three (3) years for an all color printing style of the Customer Newsletter for 2008 - 2010.

#2, Board Procedures/Code of Ethics: Mr. Pritchett reported on Board Procedures and Code of Ethics. He stated that the Board regularly reviews its Procedures and Code of Ethics at the beginning of even-numbered years to coincide with the election of members to new terms. Staff has distributed the current Board Procedures and Code of Ethics with lined spaces provided below each section to facilitate the inclusion of comments and/or amendments for consideration during Board review. The plan is for comments/amendments to be returned by January 31st and discussion of these items to occur at the first meeting in February. After some discussion, it was decided to also have management staff send their comments on Board Procedures and Code of Ethics electronically by January 31st.

#3, 2008-2010 Polyphosphate Chemical Purchase: Mr. French reported on this item. He explained that Lakehaven Utility District has contractually purchased a special blend of liquid phosphate from AmeriWest Water Services of Boise, Idaho since 2002 for the purpose of water treatment for corrosion control in the distribution system and sequestering iron and manganese in finished drinking water. This special blend of ortho- and polyphosphate has helped the District meet state and federal optimal corrosion control standards over the past five (5) years and greatly reduced the number of customer complaints related to mineral stains caused by the water. In addition, the use of this product for corrosion control treatment resulted in the State Department of Health relaxing annual water quality monitoring requirements for lead and copper sampling from residential customer taps. Reduced water quality monitoring recently granted by the state will continue to save the District thousands of dollars in sampling and monitoring expenses over the next several years.

The District's 2005 – 2007 Polyphosphate Chemical Purchase Contract with AmeriWest Water Services expired on Dec. 31, 2007. If a different liquid phosphate product is purchased (with different chemical properties) there is a risk that water quality may fail state and federal drinking water standards for corrosion control. This could result in a substantial expense for the District due to additional water quality monitoring, labor, revised treatment, and customer water quality complaints. It is for this reason a single source waiver, as described in Exhibit A, for continued purchase of AmeriWest's liquid polyphosphate was approved by the General Manager in November 2007.

AmeriWest Water Services submitted a new proposal, attached in Exhibit B, in December 2007 for a new three year contract (2008 - 2010) for the purchase of their "All-Quest 100" polyphosphate product. Staff completed a review of the new contract proposal and recommends the continued purchase of "All-Quest 100" from AmeriWest Water Services for the next three-year period for a total estimated amount of \$611,016.12 (including state sales tax).

Discussion was held on shipment timeliness and quality standards. Mr. French reported to the Board that chemicals can be shipped by truck and to the District within 24 hours. Shipment quality is certified from the plant and when chemicals are delivered to the District, samples are tested again to be sure they meet standards. If standards are not met, the District does not have to accept the shipment and will not be charged. Mr. French commented that projected costs raised some concern. The contract is a three (3) year contract based on usage of 26,000 gallons a year. Currently, the District typically uses only 20,000 gallons a year. Under this proposed contract, the District would not be charged for 26,000 gallons a year if they do not use all these gallons.

Due to time constraints and the need for future purchase of polyphosphate in 2008, staff would like the Board of Commissioners to consider moving this Information Item to Action.

Upon motion of Commissioner Tweddle, which was duly seconded by Commissioner Gibson, the Board unanimously **amended** the agenda to add **Action Item #6, 2008-2010 Polyphosphate Chemical Purchase.**

Action Item #6, 2008-2010 Polyphosphate Chemical Purchase; Bid Approval: Upon motion of Commissioner Tweddle, which was duly seconded by Commissioner Miller, the Board unanimously **approved** the 2008-2010 Phosphate Contract with AmeriWest in the amount of \$611,016.12, including state sales tax.

COMMITTEE REPORTS/COMMISSIONER COMMENTS

Commissioner Stewart reported that he has been very satisfied with District activities and would like to congratulate staff on the operation of the District. It is his hope to continue on the Committees he has served on, including Liaison meetings.

Commissioner Miller attended the Safety EMAC meeting on Jan. 9th. He reported that the District is invited to attend a meeting on Greater Federal Way Emergency Management on January 23rd from 6:00 – 8:00 at City Hall.

Commissioner Nowicki reviewed the Proposed Committee Assignments for 2008 with the Board. He informed the Board that he had combined the Safety and Accident Review Committees as they were closely connected to one another. He also changed this committee so that there is a member and a chair. If either cannot attend, they can call another Board member and ask them to attend so there is always two commissioners present. Commissioner Miller suggested setting up a special meeting for any legislative hearing that might benefit from the

presence of more than two Board members. All Board members expressed an interest in attending these sessions. Mr. Pritchett commented that the WASWD has a legislative committee as well. Commissioner Nowicki expressed that he would like the committee assignments proposed for a week and then assigned for 2008. Further discussion was held on committee attendance and when special meetings were required when more than two Commissioners attended an event. Commissioner Nowicki will send a letter to the Washington Association of Sewer and Water Districts about scheduling a meeting.

STAFF REPORTS

General Counsel: Mr. Pritchett reported that the remodel of the conference room and server room has come to a successful conclusion. Currently, the District is waiting for the table and chairs in the conference room. A new break room will be located in the old mail room downstairs. A small kitchenette will be installed in the new break room that will require some plumbing. Discussion was held on expansion of the office building because of the limited space and the need for additional offices. Discussion was also held on having an Architect come in to look preliminarily at expansion of the Administration Office. Mr. Pritchett also commented that he would like to devote a meeting for a Public Records Act Training.

Director of Finance/Information Systems: Mr. Dennis reported on the conversion of the new billing system. It is his hope to have this up and running by the first new billing cycle on March 1st. He and Mr. Cupp are scheduled for additional administrative training on the new billing system next week. They will be changing the presentation of vouchers. Rather than set voucher dates, they will be running vouchers for payment every Wednesday which will allow for a faster process of vouchers. Lastly, training on the new software for the agenda preparation has started. The new software will result in Board packets similar to what they are receiving now, and will streamline the process in putting together the Agenda. The Board packets will contain the same information and all pages will be numbered sequentially. The sequential page numbering is not a function of the software, but a function of the copier itself. There will be no colored copies, however.

Engineering/Water Manager: Mr. Bowman reported that water quality calls are down which is typical for the winter months. The North Lake sewer project is complete and connections are being made. Staff has received a couple of comments that customers on the far side of the street are getting charged a high rate from the contractor. Stubs crossing the street were not part of project itself. John reported that he talked to Cary Roe about having a desk sign for the City position and it will be installed next week. Mr. Pritchett stated that he believed the joint press release regarding the location of the District staff person at City Hall would be issued shortly. Mr. Bowman thanked Morgan and his staff for getting computer access for the City position's desktop. He also mentioned that our staff can hand out forms at the City for customers.

General Manager: Mr. Perry reported on prescription drugs disposal bill in the legislature sponsored by a number of folks in other wastewater districts. He will provide this information to Mr. Pritchett for the legislative committee. Mr. Perry commented that this may be something the District would want to support, not financially, but in other ways. He believes it sounds like a good program.

EXECUTIVE SESSION/CLOSED SESSION

At approximately 8:10 p.m., the regular meeting was recessed in order to conduct an executive session for the purpose of discussing a property acquisition matter. It was determined that there was no need to discuss personnel matters as scheduled and that the executive session on the property acquisition matter would last approximately 30 minutes.

At approximately 8:40 p.m. the executive session was adjourned and the regular meeting was reconvened.

At approximately 8:45 p.m. the regular meeting was recessed in order to conduct a Closed Session for the purpose of discussing union negotiations. At approximately 8:59 p.m. the closed 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 9:00 p.m.

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President Nowicki	Yea	Nay	Abstain

ATTEST:

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Vice President Gibson	Yea	Nay	Abstain

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Secretary Stewart	Yea	Nay	Abstain

Beverly J. Twedde
Commissioner Twedde

✓
Yea

Nay

Abstain

Donald L. Miller
Commissioner Miller

✓
Yea

Nay

Abstain