

LAKEHAVEN UTILITY DISTRICT
King County, Washington

REGULAR BUSINESS MEETING
March 13, 2008

A regular meeting of the Board of Commissioners of the Lakehaven Utility District, King County, Washington, was held on March 13, 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 Stewart 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
Steve Pritchett	General Counsel
Morgan Dennis	Director of Finance/Information System

It was noted that John Bowman was excused from tonight's meeting.

APPROVAL OF MINUTES

Upon motion of Commissioner Tweddle, which was duly seconded by Commissioner Gibson, the Board unanimously **adopted** the minutes of the meetings held on February 14, 2008, February 21, 2008 and February 28, 2008, as presented.

APPROVAL OF AGENDA

It was the consensus of the Board and staff to put action items #2 through #7 on hold and to move them to a future Board meeting. Mr. Pritchett reported that these items are not ready to be presented to the Board at this time because contracts have not been negotiated.

Upon motion of Commissioner Tweddle, which was duly seconded by Commissioner Gibson, the Board unanimously **approved** the evening's agenda as amended.

CORRESPONDENCE

Commissioner Nowicki received a letter from Michael Swanson requesting a confirmation on the status of the Bingham Pond project. The Board Clerk will provide a copy of this letter to the Board and staff.

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 2/26/08, 3/5/08, 3/6/08, 3/7/08, 3/10/08, 3/11/08 and 3/13/08.

Maintenance Fund No. 11-333-0510

2/26/08 Voucher no. 11782, total amount of \$51,625.77;
3/5/08 Voucher nos. 11666-11670, total amount of \$931.36;
3/5/08 Voucher no. 11783, total amount of \$99,693.35;
3/6/08 Voucher nos. 11671-11761, total amount of \$216,230.78;
3/11/08 Voucher nos. 11799-11800, total amount of \$1,580.87;
3/11/08 Voucher nos. 11801-11866, total amount of \$67,923.14.

Construction Fund No. 11-333-3510

3/7/08 Voucher nos. 11762-11781, total amount of \$177,250.04;
3/13/08 Voucher nos. 11867-11869, total amount of \$94,275.98.

PWTF Redondo Outfall Fund No. 11-333-6040

None

Payroll – Fund No. 11-333-0530 03/10/08

Warrants:	\$ 1,406.59
Direct Deposits:	\$ 162,452.90
Benefit Warrants: (voucher nos. 11784-11798)	\$ 137,045.01
Withholding/FICA	\$ 68,047.05
Total Amount of:	\$ 368,951.55

ACTION ITEMS

#1, Board Procedures (Resolution No. 2008-1105): Mr. Pritchett asked if there were any questions or comments, and there were none.

Upon motion of Commissioner Miller, which was duly seconded by Commissioner Stewart, the Board unanimously **approved** the Board Procedures, Resolution No. 2008-1105.

#8, Board Meeting Schedule: Commissioner Nowicki reported that a special meeting will need to be set for Monday, March 17, 2008, at 6:30 p.m. to host the Washington Association of Sewer and Water Districts' (WASWD) Section 4 meeting. A second special meeting will also

need to be set for Thursday, March 20, 2008 at 1:00 p.m. to review Capital Improvement Projects (CIP).

Upon motion of Commissioner Miller, which was duly seconded by Commissioner Tweddle, the Board unanimously **approved** holding a special meeting on Monday, March 17, 2008, at 6:30 p.m. to host the Section 4 WASWD meeting and a special meeting on Thursday, March 20, 2008, at 1:00 p.m. to discuss Capital Improvement Projects.

INFORMATION ITEMS

#1, Redondo Primary Digester Mixer Replacement Project: Mr. McCalib reported that this is a project that was on the Capital Improvement Project list. He further reported that this project entails replacing the existing Eimco digester center mixer that has been in place and operating for twenty-five years. This is well past its equipment life expectancy. The digester has three mixers, two side-mounted draft tube mixers (WesTech) that were installed in 1998 as replacement units of the original Eimco units installed in 1989, and one center-mounted mixer that is being requested to be replaced. The two side-mounted Eimco mixers were replaced by the WesTech side-mounted mixers due to frequent failure rates with seals, premature bearing failure and drive shaft guide failures. WesTech was selected at that point due to significant improvements in their designs that eliminated the failure considerations. Since the installation of the WesTech units in 1998, they have not had any downtime. The old mixer is a boat prop style and is projected to be replaced by a new high-efficiency model. The proposed new model is a twenty-four inch, three-bladed, weed-less design impeller that can operate in the upward or downward direction, designed to eliminate ragging of the mixer head. In an effort to standardize all equipment with one manufacturer and given the past satisfaction with WesTech's equipment, staff recommends replacing the center-mounted mixer with WesTech's sludge mixer. The equipment pricing is \$57,500.00, plus tax and freight charges. The project has been approved and has been included in the Capital Improvement Project list, as previously approved by the Board. Commissioner Miller asked about Extreme Duty Sludge Mixer Extended Warranty from a legal standpoint. Mr. Pritchett commented that the District usually uses their own contracts for this, but that he has seen others and used them in the past. Further discussion was held on the style of mixer being used. The Board asked how soon this mixer is needed and commented on the estimated shipment time of up to 20 weeks. Mr. McCalib reported that this is typically the stated freight time, but that the time line for this can be moved up quite a bit if need be.

Upon motion of Commissioner Gibson, which was duly seconded by Commissioner Tweddle, the Board unanimously **amended** the agenda to add **Action Item #9, Redondo Primary Digester Mixer Replacement Project; Approval.**

Action Item #9, Redondo Primary Digester Mixer Replacement Project; Approval: Upon motion of Commissioner Tweddle, which was duly seconded by Commissioner Miller, the Board unanimously **approved** WesTech's bid for purchase and replacement of the existing Eimco center-mounted mixer in the amount of \$57,500.00, plus tax and freight, as submitted,

and authorized the General Manager to sign a contract with WesTech for the purchase of the new center-mounted mixer.

#2, Biosolids Hauling Change Order: Mr. McCalib reported that this project started about 3 to 4 months ago. Mr. Perry received a letter from GroCo notifying him that disposal of biosolids for Redondo would be increasing in price from \$36.00/wet ton to \$64.00/wet ton. Wastewater Operations is requesting a change order to include Redondo's Biosolids in the current contract with Boulder Park Inc (BPI) for Biosolids hauling. Redondo has no current binding contract with GroCo Inc. for Biosolids disposal, but is operating under a verbal agreement. The only agency that has a contract in place with GroCo is King County. Mr. McCalib provided a colored copy of the agenda exhibits to the Board. District staff has looked at the wastewater treatment plants and what their current needs are. The number of trailers for what is processed at Lakota has increased. The amount of solids coming into the Lakota plant has increased. Staff has been looking into and investigating to see why the solids have increased so drastically. Solids have reached the 85% capacity over the past 3 months. Mr. McCalib commented that the needs of the two plants are different.

Mr. McCalib reported that the following changes are recommended to amend the current contract:

Include Redondo's biosolids at the proposed price of \$76/wet ton utilizing BPI's 15-ton container option; saving the district a net \$25,864.00 per year over 4.5 years (\$116,388.00 total), plus an additional \$2,470.50 in fertilizer credit over the four and half years. Mr. McCalib reported that the fertilizer credit is a refund of .50 cents per wet ton of biosolids used on dry ground. The Board asked to have this language written in on the change order. \$76/wet ton includes fuel surcharges and CPI increase, and would not fluctuate during the life of the contract. Total increase in cost of this item to the contract is \$375,516.00. The projected date the change order charges would be imposed is July 1, 2008.

Increase Lakota's biosolids charge per wet ton to offset the capital cost of BPI purchasing a third trailer to accommodate the District's increased biosolids production; increase is \$2.50/wet ton per year plus Consumer Price Index (CPI) inflation estimated at 2.6% per year. This increase equals \$83,448.00 over 4.5 years, equaling the capital cost of the trailer that BPI will purchase to handle the District's increased biosolids production. Total increase in the cost of this item to the contract is \$1,361,570.00 to cover the period of 2009-2012. Lakota biosolids are qualified for up to \$17,500.00 in fertilizer credit from BPI for the five year period.

Lakota biosolids charge would be subject to CPI outlined in the Lakota Biosolids Summary (attached). BPI has estimated yearly increases of 2.6%. District staff would recommend budgetary set-point of not-to-exceed 3% for contract purposes.

This is standard language included in long-term biosolids contracts as per King County and LOTT (Olympia) municipal agreements.

Contract should have a provision for fuel price adjustment, based on the OPUS report for the Seattle area; fuel price exceedence of \$3.50/gallon would justify additional surcharges to BPI.

Extend the current contract length, which is for 2007-2008, through 2012.

Authorize staff to lease a Yard Hustler to help facilitate moving trailers until dump truck #422 retro-fit has been completed. Estimated cost of lease: \$2,556.00 per month. Mr. McCalib presented the Board with a handout of the Yard Hustler quote.

Total cost of four and half year extension to combine Lakota and Redondo biosolids for the next four and half years - (Redondo-\$375,516.00 + Lakota-\$1,413,300.00) is equal to \$1,788,816.00.

The red numbers in the change order handout are representative of monies associated with fertilizer credits paid to Lakehaven Utility District on an annual basis at .50 cents per wet ton by BPI and scenarios that will be a net savings over current operations.

Mr. McCalib and staff recommend that the Board consider amending the current biosolids contract to incorporate the recommended changes.

Upon motion of Commissioner Tweddle, which was duly seconded by Commissioner Stewart, the Board unanimously **amended** the agenda to add **Action Item #10, Biosolids Hauling Change Order; Approval.**

Action Item #10, Biosolids Hauling Change Order; Approval: Upon motion of Commissioner Gibson, which was duly seconded by Commissioner Tweddle, the Board unanimously **approved** amending the Biosolids contract to incorporate the recommended changes.

Commissioner Nowicki suggested the Board address Information Item #4 next and it was the consensus of the board to do so.

#4, Well #19 MCC Replacement: Mr. Perry commented to the Board that they approved the replacement of Well #19 Motor Control Center (MCC) previously for \$40,000.00, which is a higher amount than what is currently being presented, so staff wanted to bring this back before the Board. Howard Moreland reported on this item and reviewed the figures presented to the Board in the agenda packet. Mr. Moreland explained that when the equipment was ordered, it was discovered that the factory made a mistake. Due to the age of the current equipment, the new sections were not compatible. The only option left was to replace the twenty year old MCC

equipment with brand new MCC's. Staff had Siemens provide a cost estimate to replace the remaining 4 sections of the MCC so that it would be compatible with the new Automatic Transfer Switch and Main Breaker sections that were added. Staff then contacted Square D, who is the District's standard MCC manufacturer, and had local suppliers provide the District quotes to replace the entire MCC and utilize the new Automatic Transfer Switch that the District had already purchased in the Siemens MCC section. The cost of the Square D MCC is approximately \$25,000.00 less than the Siemens replacement MCC. This provides a new installation with the District's standard Square D MCC that will replace the twenty year electrical MCC currently at the site. It will also provide commonality for spare parts and operation of the MCC and the electrical equipment associated with the MCC. The Attachment A, Electrical Section Quote Sheet, shows Graybar Electric's manufacturer's equipment pricing in the amount of \$36,575.00, plus tax and freight and additional competitive quotes. Staff recommends the Board consider approving Graybar Electric's bid for purchase and replacement of the existing Well #19 MCC.

Upon motion of Commissioner Miller, which was duly seconded by Commissioner Nowicki, the Board unanimously **amended** the agenda to add **Action Item #11, Well #19 MCC Replacement; Approval**.

Action Item #11, Well #19 MCC Replacement; Approval: Upon motion of Commissioner Miller, which was duly seconded by Commissioner Tweddle, the Board unanimously **approved** Graybar Electric's bid in the amount of \$36,575.00, plus tax and freight, and authorized the General Manager to sign a contract with Graybar for the purchase of the new Motor Control Center.

#3, Code of Ethics: Commissioner Nowicki left this item open for comments. Board and staff reviewed the comments to the Code of Ethics, section by section, and discussed changes and corrections to be made to the Code of Ethics. The Code of Ethics will be presented at the next regular Board meeting as an action item and in resolution format.

COMMITTEE REPORTS/COMMISSIONER COMMENTS

Commissioner Nowicki wanted to remind everyone of the special meeting on Monday, March 17, 2008, to host the Section 4 WASWD meeting. Discussion was held on prior membership of the WASWD and taking another look at this Association. Commissioner Nowicki commented that this is an optional meeting to attend.

Commissioner Gibson attended the Government Affairs and Economic Development committee meetings. Commissioner Gibson commented that Dave Larson became the new Federal Way Municipal Court Judge and the School District is looking for a new Board member to replace Mr. Larson.

STAFF REPORTS

General Counsel: Mr. Pritchett reported that he is continuing to meet with the Union and that he hopes to have an agreement soon. There are three union negotiation meetings scheduled for next week.

He reported that the District is still seeing some movement on the Woodmont easements, and that personal contact will need to be made with some of the property owners that we haven't heard from.

He reported that the bill passed in the legislature put forth by the State Auditor on commissioner pay.

Director of Finance/Information Systems: Mr. Dennis reported that the first job posting advertisement for the Accounting Manager position will take place this weekend. The current Accounting Manager, Judy Taylor, is planning on retiring at the end of the year. Mr. Dennis is hopeful that the District receives some good applicants to fill this position. He commented that he did receive two in-house applications and that one of the applicants has technical background.

Mr. Dennis reported that the change order for the server room/conference room project to install four (4) interior windows and replace the door with a window door, will cost approximately \$16,000.00. He commented that this will open up the conference room and give it more lighting. It was the consensus of Board to move forward with this change order.

General Manager: Mr. Perry reported that water from the second supply line was increased from 2 million to 4 million gallons. He commented that he received the third version of the Lakehaven/Pacific Franchise Agreement. The City of Federal Way and the District and other partners in GFWEOC have been accepted into the Interagency Emergency Management. This will involve a significant dedication of staff time for testing and travel to the East Coast next year. Mr. Perry will keep the Board advised on this as the District gets a better handle on it. He further commented that the District participated in the Sound Shake test last week.

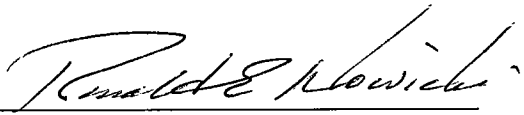
Mr. Perry reported on the meeting he attended at the Department of Health on the Lakota Outfall Pipe. He commented further that this was an excellent meeting.

EXECUTIVE SESSION/CLOSED SESSION

At approximately 8:40 p.m., the regular meeting was recessed in order to conduct an Executive Session for the purpose of discussing potential litigation. It was stated that the Executive Session would last approximately 10 minutes. At approximately 8:50 p.m., the Executive Session was adjourned and the regular meeting was reconvened.

ADJOURNMENT

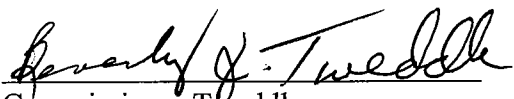
There being no further business to come before the Board, the meeting was adjourned at approximately 8:50 p.m.

 _____ President Nowicki	<input checked="" type="checkbox"/> _____ Yea	_____ Nay	_____ Abstain
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ATTEST:

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