

LAKEHAVEN UTILITY DISTRICT  
King County, Washington

REGULAR BUSINESS MEETING  
March 27, 2008

A regular meeting of the Board of Commissioners of the Lakehaven Utility District, King County, Washington, was held on March 27, 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
John Bowman	Engineering/Water Manager
Steve Pritchett	General Counsel
Morgan Dennis	Director of Finance/Information System

APPROVAL OF AGENDA

Steve Pritchett asked to change the order of the agenda to hear Action Item # 5 prior to Action Item #3.

Upon motion of Commissioner Tweddle, which was duly seconded by Commissioner Miller, the Board unanimously **approved** the evening's agenda as presented with the above change.

CITIZEN COMMENTS

Robert Evans, consultant for Clearwire, introduced himself to the Board and staff, and reported that he was attending the meeting to answer any questions the Board may have with regard to the Site Use Agreement. He further commented that he has been working with Linda Kochmar in preparing the Lease Agreement.

CORRESPONDENCE

Commissioner Nowicki reported that he has heard back from the Washington Association of Sewer and Water Districts, and should the District wish to join this association the fee would be capped at \$17,816.25 and prorated on the second year for what wasn't used this year.

Commissioner Miller inquired about the correspondence from Michael Swanson on Star Lake Road. Don Perry reported he has corresponded with Mr. Swanson on this and that John Lee was working on the numbers. Mr. Perry will provide this information to the Board as soon as he receives the figures from Mr. Lee.

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 3/19/08, 3/20/08, 3/24/08, 3/25/08, 3/26/08 and 3/27/08.

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

3/19/08 Voucher nos. 11870-11931, total amount of \$245,883.70;  
3/25/08 Voucher nos. 11953-11955, total amount of \$554.50;  
3/27/08 Voucher nos. 11956-12026, total amount of \$101,134.41;  
3/26/08 Voucher nos. 12027, total amount of \$79,521.46.

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

3/20/08 Voucher nos. 11932-11938, total amount of \$50,942.14;  
3/27/08 Voucher nos. 12028-12039, total amount of \$89,365.56.

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

None

**Payroll – Fund No. 11-333-0530 03/24/08**

Warrants: \$ 1,090.19  
Direct Deposits: \$ 163,491.56  
Benefit Warrants: \$ 53,566.99 (voucher nos. 11939-11952)  
Withholding/FICA \$ 68,208.36

Total Amount of: \$ 286,357.10

ACTION ITEMS

**#1, 2008 Redondo WWTP Outfall Construction Project (07-486):** Andy Wilt reported on the Redondo WWTP Outfall project. He stated the project consists of installing temporary shoring systems and a temporary wastewater outfall bypass. The existing pipe was inspected in 2003 and dye was put in the plant effluent. Red plumes came out of the pipe where the pipe was corroded and damaged. Installation of approximately 675 lineal feet of 24" diameter HDPE pipeline will be installed and slip-lined through an existing 30" diameter CMP outfall on the intertidal and sub-tidal floor of Puget Sound. The remaining portion of the existing 30" diameter

CMP outfall will then be demolished pursuant to the language in the lease agreement requiring the District to take the pipe out if it is no longer being used. Installation of a transition anchor block and approximately another 1,785 lineal feet of 24" diameter HDPE pipeline with attached concrete anchors will be installed on the sea bed. The current outfall goes out 675 feet and the new system will go out an additional 1,785 feet beyond that. The estimated time of completion is August 30, 2008. Mr. Wilt reported that there is a typo in third paragraph and the correct amount is \$2,425,525.00, and not \$2,425,524.00.

Upon motion of Commissioner Miller, which was duly seconded by Commissioner Gibson, the Board unanimously **approved** authorizing the General Manager to sign a contract with the low bidder, Richard Phillips Marine, Inc., of Boring, Oregon to perform the work.

**#5, Meal Reimbursement (Resolution No. 2008-1108):** Mr. Pritchett reported that he received more recent information from Pierce County dated February 15, 2008 that relates to meal reimbursement rates effective March 1, 2008. Mr. Pritchett commented that this is a meal allowance reimbursement and not an allowance per diem. Mr. Pritchett reviewed IRS regulations with the Board on use of the allowance basis that does not require you to report actual expenses. Under this system you pick the rate in effect at the location you are traveling to. Further discussion was held on average annual traveling expenses for the District. It was also mentioned that under the Union contracts, the Union has its own rate for meal reimbursement for employees working additional hours.

Upon motion of Commissioner Gibson, which was duly seconded by Commissioner Miller, the Board unanimously **approved** Resolution No. 2008-1108, providing for meal per diem allowance of \$15.00 for breakfast, \$18.00 for lunch and \$27.00 for dinner.

**#2, Site Use Agreement/Clearwire US LLC at Sea Tac Tank – Public Hearing at 6:30 p.m. (Resolution No. 2008-1107):** Commissioner Nowicki recessed the regular meeting and opened the public hearing for the purpose of hearing testimony from the public regarding the Site Use Agreement with Clearwire US LLC for the operation of a communication facility at the Sea Tac Tank site. Mr. Pritchett reported on the Lease Agreement with Clearwire US LLC and thanked Linda Kochmar, Stan French and John Lee for all their work on this agreement. Mr. Pritchett recommended that the Board approve the Lease Agreement and adopt the resolution to utilize the Agreement. Mr. Robert Evans, consultant for Clearwire, reported that the Lease Agreement had been reviewed by their legal counsel. Hearing no further testimony, Commissioner Nowicki adjourned the public hearing and reconvened the regular hearing.

Upon motion of Commissioner Tweddle, which was duly seconded by Commissioner Stewart, the Board unanimously **approved** execution of the Lease Agreement with Clearwire US LLC and **adoption** of Resolution No. 2008-1107 approving the execution of the lease agreement.

**#4, Celebration Park CFC Reconciliation:** Mr. Pritchett reported that staff has discussed with City staff a proposal to reconcile the Water System Capital Facilities Charge

demand at Celebration Park. The City originally purchased 71 ERU's of capacity on connection of the Park to the water system. Since that time, the water use has been monitored for reconciliation of normal demand. It appears that water consumption is on a declining trend at the Park and that the purchase of an additional 29 ERU's of capacity is appropriate for reconciliation. Any additional capacity used at the Park would be subject to capacity rent as established by the Board. Mr. Pritchett recommended that the Board approve the City's payment of \$50,000.00 for the purchase of 29 additional ERU's of water system capacity.

Upon motion of Commissioner Gibson, which was duly seconded by Commissioner Tweddle, the Board unanimously **approved** the City's payment of \$50,000.00 for the purchase of 29 additional ERU's of water system capacity.

**#3, Code of Ethics (Resolution No. 2008-1106):** Mr. Pritchett updated the Code of Ethics with agreed upon changes. The changes have been incorporated in the Code of Ethics for adoption under Resolution No. 2008-1106.

Upon motion of Commissioner Gibson, which was duly seconded by Commissioner Stewart, the Board unanimously **adopted** Resolution No. 2008-1106 approving the Code of Ethics.

#### INFORMATION ITEMS

It was the consensus of the Board to hear Information Item #3 out of order as Mr. Ed Cebron, the District's rate consultant, was attending the meeting to discuss this item.

**#3, Capital Facility Charge Capacity Rental Program:** Mr. Dennis reported that they had met on this matter earlier in the month. Staff has been reviewing implementation issues concerning the Capital Facilities Charge rental program approved by the Board for non-single family residential customers in 2009. Questions have arisen concerning the allocation of capacity credits for multiple parcel developments. Mr. Cebron has reviewed these issues and is present to discuss these matters and any other concerns or issues with the Board and staff. Discussion was held on allocation of capacity credits for multiple parcel developments. Mr. Cebron reported on the duty to break this down and charge individual participants instead of charging one as a whole. Discussion was also held on charging the property manager rather than breaking it up to the individual bills and the complications in allocating this. Mr. Dennis reported we would be able to show them the different components to do this. Mr. Bowman commented on how Engineering Services allocates CFC to each parcel and locking in as an individual or as an aggregate. Mr. Cebron brought up that the District may want to consider giving the customers a window of time to figure out the best way in allocating the choice of aggregate or individual. From a customer service perspective, give them this choice, suggest giving this window, but with a cost fee. Mr. Cebron reported there may be some other class of customers, i.e. governments, to consider. Further discussion was held on allocation of ERU's. Mr. Dennis suggested that starting January 1, 2009, customers have the option of either having it presented in one aggregate or

allocating as individual, and then sometime in a year to year and one-half, have option to change. Mr. Pritchett stated staff will write this up for the Board to review and comment on. Further discussion was held on rate calculations. Mr. Cebren reported that for water you have block rates, and in wastewater you typically only deal with it for larger consumers, such as the Commons. Mr. Pritchett commented that growth pays for growth, rates pays for operations, and the District is trying to make it more accountable to those types of instances.

**#1, Vehicle Purchases:** Mr. Yoder reported staff is requesting three (3) replacement vehicles and two (2) additional vehicles for plant operations. This year the District has three vehicles in need of replacement due to age and high mileage. Staff is requesting to replace Unit #57, 1998 ½-ton Ford, with a similar ½ ton Chevy pick up truck. For Unit #58, 1998 Ford Ranger, staff would like to replace this vehicle with a Ford Escape hybrid because this vehicle is used to look at well sites and requires a lot of in-town driving. Unit #408, 1992 GMC Van, is developing many problems, and staff would like to replace it with a Chevrolet Uplander. For the additional vehicles, staff is requesting a small utility truck, Ford Ranger, for pre-treatment. The truck would be used for samplers and their deployment into manholes throughout the District and to inspect businesses as the Pretreatment Program gets more involved. The second vehicle request is for a fuel efficient vehicle for Redondo Plant Operations. Currently, the District is using a one ton dual wheel Ford Pick-up truck for all their needs as it is the only vehicle available. With the addition of a Ford Focus, staff would be able to be more efficient with fuel and able to do more tasks with two vehicles. Commissioner Miller recommended putting a spare tire in each vehicle. Mr. Yoder reported that the overall total for all five vehicles is around \$115,000.00. He requested that the Board move this to an action item tonight due to time constraints.

Upon motion of Commissioner Gibson, which was duly seconded by Commissioner Tweddle, the Board unanimously **amended** the agenda to add **Action Item #6, Vehicle Purchases; Approval.**

**Action Item #6, Vehicle Purchases; Approval:** Upon motion of Commissioner Gibson, which was duly seconded by Commissioner Tweddle, the Board unanimously **approved** the replacement of three vehicles (unit nos. 57, 58 and 408) and the two additional vehicle purchases as outlined in the Vehicle Purchase Matrix.

**#2, Contract Field Services Change Order:** Mr. Yoder reported that the District entered into a contract with Northwest Cascade for the general repair and/or installation of water and sewer facilities. Northwest Cascade's services have been utilized to move many of the side sewers off of Pacific Highway, help in completing Station 6 and in completing several other projects. Mr. Yoder reported that this has reduced the District's workload and has caught them up on many projects. The District has also utilized Northwest Cascade to come out and do plumbing services so that in the future if they need to do meter repairs, they will be able to bypass it and provide full service. This request for a change order is to continue with several more projects and increase the amount of time for the contract to bring those projects to

completion. The scope of work Northwest would be performing is Station No. 11 Wet Well Upgrade to improve safety and large meter vault plumbing changes to help during the meter testing and provide our customers with water during the testing and/or repairs. Having this contract with Northwest Cascades helps to get the District out of a pinch in emergency situations and is a very handy tool to have.

Upon motion of Commissioner Tweddle, which was duly seconded by Commissioner Miller, the Board unanimously **amended** the agenda to add **Action Item #7, Contract Field Services Change Order; Approval.**

**Action Item #7, Contract Field Services Change Order; Approval:** Upon motion of Commissioner Tweddle, which was duly seconded by Commissioner Gibson, the Board unanimously **approved** the Contract Field Services Change Order Agreement with a net increase amount of \$75,000.00.

Upon motion of Commissioner Tweddle, which was duly seconded by Commissioner Gibson, the Board unanimously **amended** the agenda to add **Information Item #4, Managerial Evaluation Process.**

**#4, Managerial Evaluation Process:** Commissioner Gibson commented that they may want to do a review and send out surveys like they did last year on the managerial evaluation process. Further discussion was held about having a process put in place for managerial evaluations and the need to sit down and discuss how the Board sees this being implemented. Commissioners commented that they would like this to happen this year. Discussion was held on salary adjustments and ranges and the wide spread between the bottom and top ends. It was the consensus of the Board to move the top range 10% in 2007 and to have the whole range move 10% in 2008 for non-represented employees.

#### COMMITTEE REPORTS/COMMISSIONER COMMENTS

Commissioner Nowicki reported on those present at the special meeting on March 17, 2008, to host the Washington Association of Sewer and Water Districts (WASWD) Section 4 meeting, and would like to include this as an information item on the agenda for a future meeting as to whether or not Lakehaven Utility District is interested in joining the WASWD.

#### STAFF REPORTS

**General Counsel:** Mr. Pritchett reported that the District and the Union had been meeting more frequently for union negotiations. At union negotiations on Tuesday, March 25<sup>th</sup>, a tentative agreement on the contract was reached. Union members will be voting on this next week and, if approved, he will be bringing this before the Board at the meeting on the 10<sup>th</sup>. He further reported that they will be meeting again tomorrow to present the Labor Agreement, discuss it and have it finalized for the members to vote on next week.

Mr. Pritchett reported that he will be arranging a meeting with the property owners from the Woodmont Beach area to discuss the easements. He commented that he would like to have some help from Ken Canfield in this matter. The current problem in getting the property owners to sign off on the easements is that they want to know where the current location of the pipe is on their property. He reported he is planning on arranging this meeting in the evening in the Board room to answer questions and give the property owners some visual aide on where the pipe is located in conjunction with their property. Commissioner Nowicki offered to be present at this meeting as well.

**Engineering/Water Manager:** Mr. Bowman reported that Well 19A had a failure last night. This well had been running every day for the past 10 months. It was suspected that a packer has blown out down in the well. The well has been shut down. Most water right permits today have an assumed efficiency of 70 to 80 percent run time. Because this is an older well permit, it was assumed it could run 100% of the time. If we could have achieved a 100% run efficiency, we could have maximized the water right capacity. The District is already at 76% to 80% of meeting its annual target so we have done well, but we still need to work hard to get Well 19A running again and have another month to maximize the annual water right capacity.

Mr. Bowman further reported that he will be gone for the next two weeks to the University of North Carolina Chapel Hill for a Leadership course.

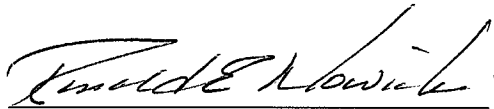
**General Manager:** Mr. Perry reported historically when a written letter is addressed from the District to another elective, the letter has come from the President of Board. Mr. Perry would like to bring back to the Board a letter requesting Algona have an Interlocal Agreement with the District giving the District the right to do business with the Pepper Hill developer for sewer. According to discussions staff has had with the City of Algona, the City of Algona has no interest in providing service to the area. Lakehaven Utility District staff would like to draft a letter for the Board President's signature and bring it and the Interlocal Agreement back to the Board for their approval.

#### EXECUTIVE SESSION/CLOSED SESSION

At approximately 8:15 p.m., the regular meeting was recessed in order to conduct an Executive Session for the purpose of discussing personnel matters. It was stated that the Executive Session would last approximately 30 minutes. At approximately 8:45 p.m. it was stated that Executive Session needed to be extended another 10 minutes. At approximately 8:55 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 8:57 p.m.


  
\_\_\_\_\_  
President Nowicki

\_\_\_\_\_  
Yea              
Nay      Abstain

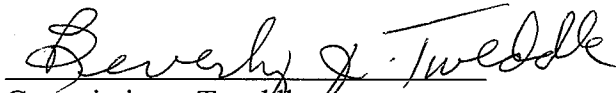
ATTEST:

  
\_\_\_\_\_  
Vice President Gibson


\_\_\_\_\_  
Yea              
Nay      Abstain

  
\_\_\_\_\_  
Secretary Stewart

\_\_\_\_\_  
Yea              
Nay      Abstain

  
\_\_\_\_\_  
Commissioner Tweddle

\_\_\_\_\_  
Yea              
Nay      Abstain

  
\_\_\_\_\_  
Commissioner Miller

\_\_\_\_\_  
Yea              
Nay      Abstain