

LAKEHAVEN UTILITY DISTRICT
King County, Washington

REGULAR BUSINESS MEETING
July 24, 2008

A regular meeting of the Board of Commissioners of the Lakehaven Utility District, King County, Washington, was held on July 24, 2008, at Lakehaven Center, 31531 First Avenue South, Federal Way, Washington 98003.

Vice President Gibson 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:

Charles Gibson	Vice President of the Board
Edward Stewart	Secretary of the Board
Donald Miller	Commissioner
Don Perry	General Manager
Steve Pritchett	General Counsel
Morgan Dennis	Director of Finance/Information System

Upon motion of Commissioner Miller, which was duly seconded by Commissioner Stewart, the Board unanimously **excused** Commissioners Nowicki and Tweddle from the evening's meeting.

APPROVAL OF AGENDA

Upon motion of Commissioner Stewart, which was duly seconded by Commissioner Miller, the Board unanimously **approved** the agenda as presented.

CONSENT AGENDA

Prior to consideration of the Consent Agenda items, a brief discussion ensued relative to Consent Item #1, Online Payment Processing; Contract Approval. Subsequent to the discussion, it was the consensus of the Board to address the Consent Agenda items.

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

1. Online Payment Processing Contract Approval.
2. Accounts Payable Vouchers and Payroll Transactions with the warrant dates of 7/16/08, 7/22/08, 7/23/08, 7/24/08, and 7/28/08.

Maintenance Fund No. 11-333-0510

7/16/08 Voucher nos. 13281-13340, total amount of \$128,643.94;

7/22/08 Voucher nos. 13350-13357, total amount of \$667.56;

7/23/08 Voucher nos. 13372-13442, total amount of \$281,209.93;

7/28/08 Voucher no. 13455, total amount of \$52,427.35.

Construction Fund No. 11-333-3510

7/17/08 Voucher nos. 13341-13349, total amount of \$130,883.83;

7/24/08 Voucher nos. 13443-13452, total amount of \$108,513.41.

PWTF Redondo Outfall Fund No. 11-333-6040

7/24/08 Voucher nos. 13453-13454, total amount of \$512,714.21.

Payroll – Fund No. 11-333-0530 07/23/08

Warrants: \$ 867.73

Direct Deposits: \$ 179,922.16

Benefit Warrants: \$ 64,322.90 (voucher nos. 13358-13371)

Withholding/FICA \$ 76,862.34

Total Amount of: \$ 321,975.13

INFORMATION ITEMS

#1, Insurance Renewal 2008-2009: Linda Kochmar, the District's Risk Manager/Program Administrator, introduced Kim Wilson from Brown and Brown, the District's insurance broker. Mr. Wilson distributed copies of a PowerPoint presentation to facilitate in the discussion. He stated that September 1, 2008 is the renewal date for the District's property insurance; coverage for this is being proposed by Affiliated F.M. Insurance. Mr. Wilson noted this company is a top quality property insurer and specializes in municipalities, etc. Liability and automobile coverage is being proposed by The Cities Insurance Association of Washington. This is a property and liability risk and insurance pooling program that has insured water and sewer districts since 1998. Mr. Wilson added that the deadline for pollution coverage for storage tanks, both above and below ground is February 18, 2009 and this was included in the discussion for this meeting.

Mr. Wilson first reviewed the proposal for property insurance, which provides protection against direct physical damage to District property, other than automobiles. He noted the total insurable property values were increased by 4% while the total property premium was reduced by 6%. Mr. Wilson next reviewed the general liability costs and deductible as well as the public official liability and employment practices liability. Automobile coverage was next reviewed. Included in the discussion was employee theft coverage, including theft limit and deductible and the storage tank liability. Mr. Wilson summarized that the total proposed premium for 2009 was lower than the current premium. Mr. Wilson then reviewed various issues, including coverage costs for certified acts of terrorism, the increase in the total insurable property values, the reduction of the total property premium and the liability rate. The limit for earth movement was discussed and Mr. Wilson explained the quote he received for this coverage. During the discussion, Mr. Wilson presented an option of increasing the limit of this coverage and explained

the benefits of doing so. Subsequent to the discussion, it was the consensus of the Board to address this item.

Upon motion of Commissioner Miller, which was duly seconded by Commissioner Stewart, the Board unanimously **amended** the agenda to add **Action Item #1, Insurance Renewal 2008-2009**.

Action Item #1, Insurance Renewal 2008-2009; Approval: Upon motion of Commissioner Miller, which was duly seconded by Commissioner Stewart, the Board unanimously **approved** the insurance renewal coverages and premiums as proposed with the addition of \$1million coverage for earth movement plus an additional premium for pollution insurance.

Mr. Wilson remarked about coverage for cyber liability in relation to the previous discussion concerning the automatic bill paying project the Board had approved. It was the consensus of the Board to direct him to investigate such coverage.

Information Item #2, Capital Facilities (CFC) Rental Program Update: Mr. Pritchett began the discussion by stating staff has been running a test year for the CFC rental program in 2009, which applies to all commercial and multi-family customers. The purpose of this test period was to expose the users in these categories to the program as well as to refine the program. He noted staff is finding a fairly significant gap in the CFC credit database for multi-family properties and went on to explain the issue. He added that he and Morgan Dennis have discussed the program with condominium and mobile home park owners and find these customers to consider themselves as single family users rather than commercial users. Mr. Pritchett emphasized that it is imperative that the database be correct before putting the program in place. Mr. Dennis, who had worked on this project, distributed copies of information to facilitate in the discussion. He then proceeded to discuss three types of issues that staff had discovered; those included customers with missing application/permitting data, customers with unverified/suspect application/permitting data and customers unlikely to have leased capacity charges. He also explained the work that has been done on this project, to date. Subsequent to the discussion, Mr. Dennis suggested that a hold be placed on the multi-family users for a year in order to gather more data. It was the consensus of the Board to direct staff to defer the consideration of the multi-family users to enable the correct data to be gathered.

COMMITTEE REPORTS/COMMISSIONER COMMENTS

Commissioner Miller reported he had worked with the Insurance Committee, adding the Board received the information at this meeting.

STAFF REPORTS

General Counsel: Mr. Pritchett reported that the period for filing an appeal in the Lloyd allegation with Pierce County had expired on July 23, 2008. He added he had contacted the attorney for Lloyds to see if there was interest in appealing the decision to the Supreme Court and was told there was no interest. He added the District will have to have some sort of resolution of this issue as construction had begun on a building where the sewer line will be connected to the District's system. He went on to further discuss the District's contract with the City of Milton and how it relates to the boundary area issue with Pierce County.

Director of Finance/Information Systems: Mr. Dennis reported there was a vacant position in his area as the Senior Accountant was promoted to Accounting Manager and would be replacing Judy Taylor when she retires later this year. He noted interviews were conducted to fill the vacancy and a potential offer of employment had been made.

General Manager: Mr. Perry reported on the following open positions: the Laboratory/Pretreatment Supervisor position in Wastewater Operations has been offered to a candidate and it appears will be accepted. In addition, interviews for the Assistant Wastewater Operations Manager position were scheduled for the next day. Second interviews for the Maintenance Person I position were being scheduled. The Field Operations Manager and his assistant were planning to visit the work place of a candidate that had been interviewed for the Maintenance Person III/Lead position. Mr. Perry next reported there would be a tour planned for the Howard Hanson Dam facilities; he asked Board members to let him know which day would be best of the four days that have been suggested as he would attempt to accommodate as many as possible, on the same date. He provided a brief review of the different elements of the tour that were planned. Mr. Perry next stated there was a possibility that two commissioners would be able to attend emergency management training in Emmetsburg, Maryland in August; both Commissioners Miller and Nowicki had expressed an interest in attending. Mr. Perry went on to explain the training in more detail. Lastly, Mr. Perry stated he received a request from the City of Federal Way concerning locating side sewers for them. He went on to explain the various issues relative to potential impacts that could come out of this, if it is pursued. The Board directed Mr. Perry to have operations provide drawings and TV information that could be obtained easily for potential areas of concern to the City; but it is the homeowner's responsibility for the side sewer from the sewer main to their residence.

CLOSED SESSION

At approximately 7:22 p.m., the regular meeting was recessed in order to conduct a Closed Session for the purpose of discussing Union negotiations. It was stated that the Closed Session would last approximately 10 minutes. At approximately 7:35 p.m. it was stated that the Closed Session would be extended for approximately 10 more minutes. At approximately 7:48 p.m., the Closed Session was adjourned and the regular meeting was reconvened.

