

LAKEHAVEN UTILITY DISTRICT  
King County, Washington

REGULAR BUSINESS MEETING  
October 9, 2008

A regular meeting of the Board of Commissioners of the Lakehaven Utility District, King County, Washington, was held on October 9, 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
John Bowman	Engineering/Water Manager
Steve Pritchett	General Counsel
Morgan Dennis	Director of Finance/Information System

It was noted that Mr. Perry was unable to attend tonight's meeting.

APPROVAL OF MINUTES

Upon motion of Commissioner Tweddle, which was duly seconded by Commissioner Stewart, the Board, with Commissioners Nowicki, Tweddle and Stewart voting in the affirmative and Commissioners Miller and Gibson abstaining, **adopted** the minutes of September 25, 2008, as presented.

APPROVAL OF AGENDA

Commissioner Nowicki requested to add an information item to watch a four minute video presentation of "The Story of Our Water Infrastructure...Liquid Assets". He also requested to add an information item for continuation of the 2009-2010 Budget Session. Commissioner Gibson reported that the discussion on the labor negotiations with AFSCME should be held as a Closed Session rather than Executive Session.

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

CORRESPONDENCE

Commissioner Nowicki reported that he sent out a letter in response to a customer inquiring about a credit for sewer charges, and that copies of this letter were provided to the Board and staff.

CONSENT AGENDA

Upon motion of Commissioner Miller, 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 9/26/08, 9/30/08, 10/1/08, 10/2/08, 10/07/08, 10/08/08, and 10/9/08.

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

9/26/08 Voucher no. 14169, total amount of \$68,865.29;  
9/30/08 Voucher nos. 14170-14220, total amount of \$68,935.86;  
10/1/08 Voucher nos. 14221-14224, total amount of \$6,337.00;  
10/7/08 Voucher no. 14249, total amount of \$58.37;  
10/8/08 Voucher nos. 14250-14310, total amount of \$220,910.

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

10/2/08 Voucher nos. 14225-14232, total amount of \$50,218.92;  
10/9/08 Voucher nos. 14311-14324, total amount of \$114,351.74.

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

10/2/08 Voucher no. 14233, total amount of \$41,136.95.

**PWTF Wellsite Filter & Emergency Power Fund No. 11-333-6020**

10/9/08 Voucher no. 14325, total amount of \$7,958.24.

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

Warrants: \$ 384.13  
Direct Deposits: \$ 189,198.15  
Benefit Warrants: \$ 144,547.67  
(voucher nos. 14234-14248)  
Withholding/FICA \$ 81,307.23  
Total Amount of: \$ 415,437.18

2. Capital Facility Charge Rental Program; Resolution No. 2008-1114.

ACTION ITEMS

**#1, Resolution of Commendation – Judy Taylor:** Commissioner Nowicki reported that the District's Accounting Manager, Judy Taylor, is retiring after 30 years of service with the District. Commissioner Nowicki read the Resolution of Commendation to Ms. Taylor.

Upon motion of Commissioner Nowicki, which was duly seconded by Commissioner Tweddle, the Board unanimously **adopted** Resolution No. 2008-1113, commending Judy Taylor for her years of dedicated service to Lakehaven Utility District.

Ms. Taylor thanked the Board and the District for all the wonderful years of employment and wished all well. Mr. Bowman thanked Ms. Taylor for all her years of dedicated service to the District and commented that Judy has always been there for her co-workers and always had all the needed information at her finger tips. Mr. Pritchett commented that Ms. Taylor's departure is certainly a big loss for the Administration Department of the District and that she will be missed very much. He wished her the best in her years of retirement.

**#2, 12<sup>th</sup> Ave SW & Marine View Dr Water Main Replacement:** Mr. John Lee reported the District received bids on the 12<sup>th</sup> Avenue SW & Marine View Drive Water Main Replacement project on October 1<sup>st</sup>. The District received a total of 13 bids ranging from \$538,307.40 to \$1,196,950.80. The job is for replacement of a water main line which consists of approximately 4,720 feet of 4" AC water main with new 8" DIP. The overall low bidder was RP & Company, Inc. in the amount of \$538,307.40, including tax. Mr. Lee reported that he called the contractor and confirmed some unusual conditions required for the job and the contractor understood what was necessary to complete this project. RP & Company, Inc. has recently performed work replacing water services for the District. All the other references provided by the contractor responded positively in regards to the contractor's performance. Mr. Dale Haase is familiar with this company and was very happy with the work they did for the District in the past. Commissioner Gibson asked about the price difference for steel in the District's Engineer bid and the contractor's bid. Mr. Lee commented that the District's estimate was higher because steel prices have dropped quite a bit since the time this was estimated.

Upon motion of Commissioner Miller, which was duly seconded by Commissioner Gibson, the Board unanimously **approved** the bid for the 12<sup>th</sup> Ave SW & Marine View Drive Water Main Replacement to RP & Company, Inc. in amount of \$538,307.40, including tax, and authorized the General Manager to sign the contract.

**#3, Board Meeting Schedule:** Mr. Pritchett wanted to know if the Board had any thoughts on scheduling changes for upcoming meetings. Commissioner Nowicki would like to come back to this action item at the end of meeting.

### INFORMATION ITEMS

Commissioner Nowicki asked to hear some of the Information Items out of order.

**#3, Four Minute Video Presentation of “The Story of Our Water Infrastructure...Liquid Assets”:** Commissioner Nowicki gave a brief overview of what the program represented and played the four-minute video. Commissioner Nowicki commented that he would leave the disc with Mr. Dennis in case anyone wants to view it. Discussion held about public awareness and water infrastructures. Mr. Cook commented on a water line break in Lincoln Park when he worked for the City of Seattle and the high cost in replacing the line after two major breaks in it. Commissioner Nowicki reported that this story was going to be aired on PBS.

**#1, City of Pacific – Water Franchise Agreement:** Mr. Bowman reported that the Water Franchise Agreement with the City of Pacific has been in the works for the past few months. In order to maintain water mains and appurtenances within the Rights of Way of the City of Pacific, the City requested that the District enter into a franchise agreement to formally grant Lakehaven the authorization to operate and maintain water facilities within their Rights of Way. Lakehaven Utility District currently has approximately one and a half miles of water mains within the City of Pacific. Commissioner Miller inquired about the legal aspects of this for the District and discussion was held on the matter. Mr. Pritchett commented that the District has always attempted in negotiations with other counties and cities to consider ways to design the roadway improvements that would help in minimizing cost for future water and sewer system appurtenances. Mr. Pritchett reported that this Water Franchise Agreement with the City of Pacific is not a permanent agreement. It gives the District permission to use their right of way for 15 years. The District requested that the Agreement be for a period of 25 years, but the City of Pacific only agreed to 15 years at this time. Mr. Bowman reported that the District has similar Agreements of this type with King County, Auburn, Des Moines, Algona and Kent. This is first Water Franchise Agreement that the District has entered into with the City of Pacific. Discussion was held on individual permits and franchises and their differences. Mr. Bowman requested if the Board was satisfied with the terms and conditions of this Water Franchise Agreement, that this matter be moved to an action item for approval.

Upon motion of Commissioner Gibson, which was duly seconded by Commissioner Tweddle, the Board unanimously **amended** the agenda to add **Action Item #4, City of Pacific – Water Franchise Agreement; Approval.**

**Action Item #4, City of Pacific – Water Franchise Agreement; Approval:** Upon motion of Commissioner Tweddle, which was duly seconded by Commissioner Gibson, the Board unanimously **approved** the Franchise Agreement with the City of Pacific and authorized the General Manager to sign said agreement.

**#2, Emergency Intertie Agreement between Tacoma and Lakehaven:** Mr. Bowman reported on the Emergency Intertie Agreement between Tacoma and Lakehaven. He reviewed the interties on the location map marked as Exhibit B with the Board and Staff. Lakehaven and Tacoma Water have three water interties facilities. As supply facilities, Lakehaven paid a monthly meter charge for having these facilities available for supplemental supply. With the Second Supply Project completed, Lakehaven staff has worked with Tacoma staff to formally convert these interties to emergency only interties, where monthly meter charges would no longer apply. The Emergency Interties Agreement serves to convert these facilities to mutually beneficial emergency interties in which neither party will pay on-going meter charges. Discussion was held on charges.

Staff has reviewed the terms and conditions of the Agreement and recommends that the Board of Commissioners authorize the General Manager to execute the proposed Emergency Intertie Agreement between City of Tacoma and Lakehaven Utility District.

Upon motion of Commissioner Miller, which was duly seconded by Commissioner Tweddle, the Board unanimously **amended** the agenda to add **Action Item #5, Emergency Intertie Agreement between Tacoma and Lakehaven; Approval.**

**Action Item #5, Emergency Intertie Agreement between Tacoma and Lakehaven; Approval:** Upon motion of Commissioner Miller, which was duly seconded by Commissioner Tweddle, the Board unanimously **approved** the Emergency Intertie Agreement between Tacoma and Lakehaven Utility District and authorized the General Manager to execute said Agreement.

**#4, Continuation of 2009-2010 Budget Session:** Mr. Dennis handed out 2009-2010 Overall Budget Charts (No additional staff; normal rate increase) and (Includes additional staffing plan + related rate increases). He gave a presentation to the Board that showed cash balances and how they would be affected with an increase in staff. Mr. Dennis commented that for the first time in approximately 10 years all 104 full-time employee positions are filled, with the addition of approximately 3 temporary positions. Mr. Dennis explained that the chart showing the additional staffing plan includes rate increases. Discussion was held on revenues and overhead costs. Discussion was also held on the need for additional space to house all the employees. Mr. Dennis reported that past budgets had a built-in cushion for vacant positions and the District doesn't have this anymore. Discussion was held on hiring levels and needs. Mr. Dennis commented if the District decides to increase staff with 11 additional full-time employees, he would strongly urge an additional rate increase. Commissioner Tweddle commented that the District needs to consider its customers and what works well for them as well. Mr. McCalib commented that preventive maintenance on the electrical side is very much a need and there currently isn't enough staff to perform the maintenance. Discussion was held on electrical needs and replacement parts for older electrical equipment. Further discussion was held on the updated electrical permit requirements now in place and how these new requirements impact staffing.

Mr. Dennis stated an additional rate increase on the sewer side would be approximately an additional \$3.09 for a two month period. He commented to the Board that staff needs direction from them on how they want this brought back before the Board, and if one level is chosen over another, it does have a financial impact. He reiterated that if the Board decides higher staffing levels are necessary, he would suggest a rate increase.

The Board commented that we are running out of time for any more discussion on budgeting. The Board would like to re-visit this matter. They stated that for January 1<sup>st</sup>, the rates will stay as planned. The Board further commented that they would again review staffing levels, knowing the impact, and ask that staff bring this before the Board one more time.

Mr. McCalib thanked the Board and commended them for all their time and review on staffing needs. He also stated that staff will fully support the Board's decision and is available if they have any additional questions on staffing needs.

The Board thanked Mr. McCalib and Mr. Cook for all their input.

#### COMMITTEE REPORTS/COMMISSIONER COMMENTS

All the Commissioners attended the Diversity training and thought the presenter did a wonderful job. Commissioner Tweddle attended the EMAC committee meeting. Commissioners Miller and Gibson attended the Auditor's Meeting this morning. Commissioners Gibson and Tweddle attended the Economic Development Committee meeting. Mr. Bowman reported the District had no new commercial applications for Developer Extension Agreements. Commissioner Gibson commented on the EOC meeting that he attended this afternoon. At this meeting a video was shown that came from Texas where ice and water was given away in a community and created 40 miles of crowded highway as a result. It was a voluntary effort by clear channel communications, but not well thought out. Discussion was held on what does a Public Information Officer do to help alleviate such a situation. Further discussion was held on who the District's Public Information Officer is and what exercises should be put in place for these types of situations. Commissioner Miller commented that generally the Public Information Officer would be the District's General Manager, with input from the legal staff. Commissioner Gibson commented that this was a very interesting meeting.

#### ACTION ITEMS (con't)

**#3, Board Meeting Schedule:** There are no changes in the meeting schedule at this time and no action was taken.

#### STAFF REPORTS

**General Counsel:** Mr. Pritchett reported he will be attending the Washington State Association of Municipal Attorneys (WSAMA) Fall Conference in Cle Elum next week. Mr.

Pritchett reported that in response to the Board's extension of the Capital Facilities Charge to commercial customers, he will put a notice in Lakehaven's Newsletter to notify those commercial customers of the change. He also reported on a recent decision by the Court of Appeals Division II involving the City of Bonney Lake's Capital Facilities Charges (CFC). The CFCs were challenged by the developer and the developer prevailed. He commented that this was a very interesting case and it shows the potential for liability in calculating CFCs. He also commented that he appreciates the Board's decision last year to do a two-year CFC. He reported that the Personnel Committee did meet to discuss wages and benefits for 2009-2010 for non-represented employees. They generally meet and review non-represented employee's wages and benefits on a two-year cycle.

**Director of Finance/Information Systems:** Mr. Dennis reported that he has been spending most of his time on the budget.

**Engineering/Water Manager:** Mr. Bowman reported that he has been spending a fair amount of time on the Capital Improvement Projects (CIP) budget. He also reported that they pulled the motor for Well 19 out of the hole a week and half ago because it wouldn't turn. Once they got it out of the hole, it seemed to turn and function just fine. They are currently getting ready to put it back down in the hole, and he will fill the Board in when they determine what the problem was.

Commissioner Stewart commented on the Diversity Training and thought it may be better to have this training every two or three years. Mr. Pritchett reported that the training could be done on a two or three year cycle, but that new employees should attend Diversity Training within the first year of employment.

#### CLOSED SESSION

At approximately 8:34 p.m., the regular meeting was recessed in order to conduct a closed session for the purpose of discussing Labor Negotiations with AFSCME. It was stated that the closed session would last approximately 10 minutes. At approximately 8:40 p.m. the closed session began and was adjourned at approximately 8:49 p.m. 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



Yea

Nay

Abstain

