

LAKEHAVEN UTILITY DISTRICT
King County, Washington

REGULAR BUSINESS MEETING
November 13, 2008

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

Upon motion of Commissioner Miller, which was duly seconded by Commissioner Gibson, the Board unanimously **excused** Commissioner Tweddle from this evening's meeting.

APPROVAL OF MINUTES

Upon motion of Commissioner Miller, which was duly seconded by Commissioner Gibson, the Board unanimously **adopted** the minutes of the meetings on October 7, 2008 and October 9, 2008 as presented.

APPROVAL OF AGENDA

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

CITIZEN COMMENTS

David Swartz, President of Federal Way Amateur Club, presented a plaque of appreciation and thanked the District for 10 years of outstanding support.

CONSENT AGENDA

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

1. Accounts Payable Vouchers and Payroll Transactions with the warrant dates of 10/14/08, 10/15/08, 10/16/08, 10/23/08, 10/27/08, 10/29/08, 10/30/08, 11/3/08, 11/4/08, 11/5/08, 11/10/08, 11/12/08, and 11/13/08.

Maintenance Fund No. 11-333-0510

10/14/08 Voucher no. 14326, total amount of \$1,522.25;
10/15/08 Voucher nos. 14327-14412, total amount of \$233,421.28;
10/29/08 Voucher nos. 14435-14556, total amount of \$382,638.78;
10/27/08 Voucher no. 14585, total amount of \$71,282.40;
11/4/08 Voucher nos. 14586-14587, total amount of \$2,040.97;
11/5/08 Voucher nos. 14588-14636, total amount of \$157,865.43;
11/12/08 Voucher nos. 14659-14717, total amount of 117,641.98.

Construction Fund No. 11-333-3510

10/16/08 Voucher nos. 14413-14420, total amount of \$10,019.55;
10/30/08 Voucher nos. 14557-14580, total amount of \$206,580.08;
11/6/08 Voucher nos. 14637-14642, total amount of \$6,601.79;
11/3/08 Voucher no. 14643, total amount of \$183,240.00;
11/13/08 Voucher nos. 14718-14726, total amount of \$20,572.71.

PWTF Redondo Outfall Fund No. 11-333-6040

10/30/08 Voucher nos. 14581-14583, total amount of \$291,412.01.

2nd Supply PWTF Fund No. 11-333-6010

10/30/08 Voucher no. 14584, total amount of \$1,058.15.

Payroll – Fund No. 11-333-0530 10/23/08 and 11/10/08

Warrants: \$2,842.82/\$854.08
Direct Deposits: &189,515.98/\$211,810.10
Benefit Warrants: \$70,108.17/\$149,643.81
(voucher nos. 14421-14434) (voucher nos. 14644-14658)
Withholding/FICA: \$81,144.92/\$92,064.06
Total Amount of: \$343,611.89/\$454,372.05

ACTION ITEMS

#1, Board Meeting Schedule: Mr. Pritchett suggested to the Board that the next regularly scheduled meeting on November 27th be canceled due to the Thanksgiving holiday. Discussion was held on scheduling a special meeting on December 4, 2008 to hold a public hearing on the 2009-2010 budget, Capital Improvement Program and rates. Discussion was also held on adding an action item to the December 11th board agenda for election of officers. The Board would also like to cancel the board meeting scheduled for December 25th due to the Christmas holiday.

Upon motion of Commissioner Miller, which was duly seconded by Commissioner Gibson, the Board unanimously agreed to **cancel** the regularly scheduled meetings on November 27, 2008 and December 25, 2008 due to the Thanksgiving and Christmas holidays and **schedule** a Special Board meeting on December 4, 2008.

#2, 2009-2010 Wage and Benefit Plan for Non-Represented Employees: Mr. Pritchett reported that at the prior Board meeting he handed out a proposed non-represented employee's wage and benefit plan for 2009-2010 for the Board to review. The Board typically establishes wages and benefits for non-represented employees on a two-year cycle. Discussion was held on the vacation leave balance limits and the need to have flexibility for supervisors to give employees extension of time if needed to accommodate work loads. This would allow supervisors to approve an extension of time, instead of coming before the Board for approval. Discussion was held on including language to state the CPI rate is the Seattle, Tacoma, Bremerton mid-year CPI rate.

Upon motion of Commissioner Gibson, which was duly seconded by Commissioner Miller, the Board unanimously **adopted** the 2009-2010 Salary Plan for Non-Represented Employees as outlined in the attachment to include the amended language that specifies the CPI (Seattle, Tacoma, Bremerton mid-year rate).

INFORMATION ITEMS

#1, Redondo Polymer Contract 2009-2010: Mr. Cook reported on the Redondo Polymer Contract 2009-2010. The Redondo WWTP uses an emulsion polymer to dewater digested biosolids collected at the plant. The polymer helps reduce the weight of the biosolids that are currently transported to Eastern Washington for land application by increasing the solids content of the biosolids. The increased solids content reduces the total weight of the biosolids hauled and therefore also reduces the hauling costs. Multiple manufacturers and dozens of different polymers were tested for dewatering performance factors. Jar testing and operational trials have shown that the polymer product from Mt. Hood Solutions Corp provided the best performance. Their specific product called Zetag Polymer 8846FS, is a high-charged emulsion grade cationic flocculent. It is staff's recommendation to select Mt. Hood Solutions Corp as the vendor to provide the Zetag Polymer for Redondo wastewater operations and that the District execute a two year contract with Mt. Hood Solutions Corp in the amount of \$54,098.88, including sales tax, as shown in Exhibit A. If this proposed contract is acceptable to the Board, staff would request that the Board move this item to an Action Item, and authorize the General Manager to execute the contract with Mt. Hood Solutions Corp.

Commissioner Nowicki asked about cost savings and the difference between contract cost and savings. Mr. Cook reported that the District would save approximately \$10,000 per year in hauling cost. Mr. Perry reported that if the District didn't use Polymer, they would be quadrupling the amount of material to haul, and this is where the savings is.

Upon motion of Commissioner Gibson, which was duly seconded by Commissioner Miller, the Board unanimously **amended** the agenda to add **Action Item #3, Redondo Polymer Contract 2009-2010; Approval.**

Action Item #3, Redondo Polymer Contract 2009-2010; Approval: Upon motion of Commissioner Miller, which was duly seconded by Commissioner Gibson, the Board unanimously **approved** of the Redondo Polymer Contract 2009-2010 with Mt. Hood Solutions Corp in the amount of \$54,098.88, including sales tax, and authorized the General Manager to execute said contract.

#2, 2008 Wells No. 35M & 36M Drilling Project: Mr. French began by reporting on the progress of the existing Well 32 drilling operation. He reported that Well 32 successfully used a "sand-lock" system to extract the broken piece of well casing. He commented that as of yesterday they have re-drilled back down to a depth of 419 feet and should be completed tomorrow. The next step will be to bring in an internal casing cutter to cut the drive shoe, and then put in the well screen. Further discussion was held on how the screen and casing are put in place.

Mr. French reported further on the 2008 Wells No. 35M and 36M Drilling Project. He informed the Board that Well 35M will be located south of the Watershop and Well 36M will be located SW of Mirror Lake. He explained that Well 35M is a much deeper well than Well 36M. (750 feet/450 feet). These observation wells are planned for construction as nested piezometers in the vicinity of the Aquifer Storage and Recovery (ASR) project site. The piezometers will measure water levels at multiple depths underground in order to evaluate aquifer leakage and ground stresses in response to pumping and injection stresses. The advantage for the District in drilling this type of a well is that one well can monitor various levels of water and this is a great savings for the District. Requests for proposals for drilling Wells 35M and 36M were advertised and the District received three proposals from qualified bidders. The amount of the low bid received was \$337,131.55, including tax, from Charon Drilling of Graham, Washington. Staff completed an evaluation of the low bid submittal and determined it to be a reasonable amount for the drilling project, and the bidder is qualified to complete the work in accordance to the bid specifications. Staff recommends that the Board consider accepting the low bid received and move this Information Item to an Action Item because of the time constraints in completing this project for next year. The District needs to have both wells completed before the end of next year. The District has acquired all the necessary permits and is ready to move forward on this project.

Mr. Bowman reported on how water right permits get approved as certificates. Historically old permits moved to certificates based on pumps and pipe capacity. Currently, the water has to actually be put to use before a certificate can be issued. The District perfected water rights and received a certificate for Well 17B a few years ago, and just finished perfecting water rights for Well 19A this year. The District hasn't received the certificate yet for Well 19A, but

has provided all the required information. The next well the District is looking to perfect water rights on is Well 19. Once complete, the District will have water right certificates for all its existing wells with the exception of the OASIS wells that are permitted under an ASR Reservoir permit. Mr. Pritchett commented that this was a water legislative victory they fought hard for almost a decade ago. After phase I perfects the storage, the District will be allowed to go to phase II and use surface water sources. Discussion was held on filtering the water and the pilot project Mr. French is participating in for water filtering.

Upon motion of Commissioner Miller, which was duly seconded by Commissioner Gibson, the Board unanimously **amended** the agenda to add **Action Item #4, 2008 Wells No. 35M & 36M Drilling Project; Approval.**

#4, 2008 Wells No. 35M & 36M Drilling Project; Approval: Upon motion of Commissioner Miller, which was duly seconded by Commissioner Stewart, the Board **approved** the contract with Charon Drilling in the amount of \$337,131.55, including tax, for the 2008 Wells No. 35M and 36M Drilling Project and authorized the General Manager to execute the contract.

#3, Computer Maintenance Management System (CMMS): Mr. Yoder reported that the CMMS is a computer program that can consolidate information about the District's assets, document maintenance schedules and report on maintenance history and related costs performed on those assets. Currently this information is spread out over a dozen data bases and in paper format that cannot be queried connectively nor has the ability to query data geographically. CMMS will bring all of these data bases and paper into an electronic format that will be available District wide. Mr. Yoder went on to explain the major advantages of having a common data base within the District. In the month of July, staff solicited proposals for a CMMS program. Staff visited some of the other utility districts and looked at the different software packages being used. Three vendors submitted proposals. Staff has researched the proposed computer maintenance management systems submitted and out of the three, GBA Master Series and City Works were considered the best fit for our operations. Staff is currently performing an in depth study of these two programs to determine if they can meet most, if not all, of our specifications. Once completed, Field Operations will be requesting the Board to authorize the purchase of a CMMS software program to implement District wide. Commissioner Miller inquired about security for this type of system. Mr. Dennis reported that systems used to run the District all have a manual component to them. Mr. Dennis also commented that an additional FTE or part-time FTE position would be required to maintain the system. This system would tie into the GIS system as well. Discussion was held on various tools and links from GIS and the benefits. Mr. Dennis believes this new system will work much better and the District will see many advantages with it. Staff hopes to have a recommendation to the Board by December 11th.

#4, Developer Extension Projects – Semi-Annual Status Report: Mr. Hill reported on the Developer Extension Projects – Semi-Annual Status Report. Mr. Hill stated the formatting is the same as in previous years. The Commissioners commented that they liked the report and the

color coding, and that they thought it was put together very nicely. Review and discussion was held on the Exhibits. Discussion was also held on the number of delinquencies. Mr. Hill also reported on the pre-development process with applicants and other agencies.

#5, 2009-2010 Budget, Capital Improvement Program, Rates: Mr. Dennis passed out a draft entitled Areas Within Sewer Service Area Flowing to Other Jurisdictions for the Board and staff to review. Mr. Dennis explained that there are three areas in the District, if you include Midway, where effluent is sent to be treated. For customers in the Metro and Pierce County areas, Mr. Dennis recommends an additional surcharge to cover the additional amounts charged to the District over what the District collects from these customers. Mr. Dennis also recommended implementing these charges for the next billing cycle. He suggested that the District include half of the difference in 2009 and other half in 2010. Mr. Pritchett commented that it is within the District's legal authority to charge these customers 100% of the shortfall if the District chooses to. Commissioner Nowicki commented that he would like to have something go out to these customers individually, with their billing statement, explaining the increase in charges and indicating the benefits of living within the Lakehaven Utility District system. Further discussion was held in having this surcharge go into affect in July for collection of half of the shortfall charges and then the second half of charges the following year in July.

Mr. Dennis and Mr. Bowman handed out a 2009-2010 Budget Summary Report and Capital Improvement Projects (2009-2010) List for the Board and staff for review. Mr. Bowman reviewed the program totals and gave updates. Mr. Dennis reviewed the 2009-2010 Budget Summary sheet figures. Mr. Dennis explained that the expenditure side represents 10 additional FTEs in Operations, one additional FTE in Purchasing and one additional FTE in MIS in 2009, and 6 additional FTEs in 2010. Mr. Dennis handed out a Monthly Cash Balances 2006-2010 Graph of the District. He explained that this represents a worse case scenario graph. Mr. Dennis suggested that the District hold off on additional staffing and expenditures, or increase the rates. Mr. Bowman reviewed the CIP list with the Board and explained each of the columns. The Board thanked Mr. Dennis and Mr. Bowman for putting these hand outs together and presenting them to the Board.

COMMITTEE REPORTS/COMMISSIONER COMMENTS

Commissioner Nowicki reported that he attended the EMAC meeting yesterday.

Commissioner Miller attended the Safety meeting yesterday.

Commissioner Gibson attended the Economic Development Committee meeting. He handed out the City Permit Activity Update and reported that the Symphony project is now on hold. Commissioner Gibson also attended the Government Affairs Committee meeting this morning. During the November Chamber Luncheon, Attorney General Rob McKenna spoke on the subject of local businesses and ways to help them. Commissioner Gibson also attended the Emergency Management meeting where they had an overview of the web EOC. He stated he

would highly recommend that Commissioners Nowicki and Miller attend the next meeting on this which is scheduled for this coming Monday.

STAFF REPORTS

General Counsel: Mr. Pritchett reported that the District's Human Resources Manager, Carrie Peters, will be leaving the District the first part of December to devote more time to her family. Recruitment for a new HR Manager is underway. Linda Mogensen will be coming back to the District and working part-time to help with current and future workloads.

Mr. Pritchett updated the Board on the King County lawsuit with Brightwater and the recent motion that was filed. Mr. Pritchett informed the Board that the District received a request for an easement abandonment from Garage Town. The request is for an easement abandonment where the District has an existing sewer main. This is not for an abandonment to the property owner, but rather a relinquishment only to convert to a right-of-way. Garage Town is looking for occupancy from the City and the City will not give approval without the right-of-way. This is not something the Board necessarily needs to approve, but it can be brought before the Board if they would like. A new Travel Policy that applies to staff has been completed. Mr. Pritchett will provide a copy of the new policy to the Board.

Director of Finance/Information Systems: Mr. Dennis reported that the State Auditor has completed the District's 2007 audit. The Auditor would like to schedule an audit exit conference for December 1, 2008 at 2:00 p.m. and invite interested Board members to attend. If this is not a convenient date, they can look at other dates. If more than two Board members are interested in attending, another exit conference can be scheduled as well. The Board Clerk will inform Mr. Dennis if any of the Board members are interested in attending. Mr. Dennis reported that a firm came in to view the Board room for installation of new audio equipment so the meetings can be recorded digitally with the use of wireless microphones.

Engineering/Water Manager: Mr. Bowman reported that he is meeting with representatives from the Parks Department on Monday to walk around the dog park and check for soft spots, fencing needs and irrigation. Mr. Bowman will also talk with them about the driveway to the dog park and the tree that blocks lighting at the entrance.

General Manager: Mr. Perry reported that there are several employees that will be retiring from the District next year and he will be asking for a meeting with the Personnel Committee on this matter.

Upon motion of Commissioner Miller, which was duly seconded by Commissioner Gibson, the Board unanimously **extended** the meeting 15 minutes.


Commissioner Nowicki suggested to have a thorough review of the District's HR Department needs and encourages an overview of this.

CLOSED SESSION

At approximately 9:04 p.m., the regular meeting was recessed in order to conduct a closed session for the purpose of discussing AFSCME collective bargaining. It was stated that the closed session would last approximately 10 minutes. At approximately 9:14 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 9:15 p.m.

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

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