

LAKEHAVEN UTILITY DISTRICT  
King County, Washington

SPECIAL BUSINESS MEETING  
December 4, 2008

A special meeting of the Board of Commissioners of the Lakehaven Utility District, King County, Washington, was held on December 4, 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 Gibson 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 Gibson, which was duly seconded by Commissioner Miller, the Board unanimously **excused** Commissioner Tweddle from this evening's meeting.

APPROVAL OF AGENDA

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

CONSENT AGENDA

Commissioner Nowicki questioned a voucher on page 14 for payment of bottled drinking water. Mr. Dennis reported that this is for bottled drinking water at Redondo. Mr. Perry will follow-up on this and report back to the Board. Commissioner Miller questioned voucher #14942, and Mr. Perry reported that this was for the installation of Secondary Clarifier.

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

1. Accounts Payable Vouchers and Payroll Transactions with the warrant dates of 11/18/08, 11/19/08, 11/20/08, 11/24/08, 11/25/08, 11/26/08, 11/28/08, 12/2/08, 12/3/08, and 12/4/08.

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

11/18/08 Voucher nos. 14727-14742, total amount of \$3,827.61;  
11/19/08 Voucher nos. 14743-14779, total amount of \$72,864.99;  
11/24/08 Voucher nos. 14786-14788, total amount of \$5,937.22;  
11/24/08 Voucher no. 14803, total amount of \$1,766.10;  
11/25/08 Voucher nos. 14804-14865, total amount of \$248,274.42;  
11/28/08 Voucher no. 14875, total amount of \$57,094.68;  
12/02/08 Voucher no. 14876, total amount of \$1,519.23;  
12/03/08 Voucher nos. 14877-14933, total amount of \$98,649.60.

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

11/20/08 Voucher nos. 14780-14785, total amount of \$69,701.15;  
11/26/08 Voucher nos. 14866-14874, total amount of \$20,875.89;  
12/04/08 Voucher nos. 14934-14956, total amount of \$253,020.51.

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

Warrants: \$ 14,812.62  
Direct Deposits: \$ 173,195.73  
Benefit Warrants: \$ 66,310.56 (voucher nos. 14789-14802)  
Withholding/FICA \$ 77,829.85  
Total Amount of: \$ 332,148.76

As the Information Item called for a public hearing at 6:30 p.m. and it was not yet that time, it was the consensus of the Board to move to Committee Reports/Commissioner Comments and Staff Reports.

**STAFF REPORTS**

**General Counsel:** Mr. Pritchett reported Mr. Dennis and he attended the Public Records Act training in Tacoma yesterday sponsored by the AWC. He commented that the training was very good, and he would like to devote an hour to hour and half training on this at a Board meeting in later January to give everyone a better sense of the Public Records Act. Further discussion was held on some interesting case studies and the difficulties many cities have in managing public records requests. Discussion was also held on the subject of proposed legislation that would require Executive Sessions to be taped.

Mr. Pritchett wanted to touch on the matter of the individual who is disputing payment of street lighting charges. It is the practice that the property owner be required to provide proof to the District that the property is non-buildable before a street light charge will be waived. Without such confirmation from the local land use authority that the property is non-buildable, the property owner should remain responsible for street lighting charges. This is how it is applied to all other District customers. Discussion was held on how the District acts as the conduit

between PSE and the City for street lighting monthly maintenance charges. Commissioner Nowicki suggested having a District policy on street lighting charges to formalize the practice.

### INFORMATION ITEMS

**#1, Public Hearing; 6:30 p.m. – 2009-2010 Budget, Capital Improvement Program, Rates:** Commissioner Nowicki recessed the special meeting and opened the public hearing for the purpose of hearing testimony from the public on the District's 2009-2010 Budget, Capital Improvement Program and Rates. Mr. Dennis provided handouts to the Board and staff for review. Mr. Dennis reported that the Finance Committee met yesterday and reviewed and discussed these same handouts. Much discussion was held on the Monthly Cash Balances 2006-2010 graph handout. Mr. Dennis suggested that the District not budget for additional staffing at this time, and to bring in new staff later than originally planned. Much discussion was held on additional staffing needs and the impact this has on the budget. Mr. Dennis stated passing a budget we can afford, as opposed to one we can't afford, is a much better message to rate payers. He also stated if the budget needs to be amended to include additional staffing later, this is something that can be revisited. Discussion was held on the 2% rate increase on water and wastewater charges reflected in the 2009 -2010 Budget Summary handout.

Mr. Dennis would like to present a budget resolution at the next regular board meeting with these proposed changes. Discussion was held on leased capacity charges. Mr. Bowman reported that he was just informed chemical pricing will be going up 35% to 80%. Further discussion was held on budgeting and future expenditures the District has no control over as an agency. Commissioner Nowicki said he would like Mr. Dennis to draft a budget resolution to present at the next Board meeting that reflects 104 FTEs and the current rate plan, plus an additional 2% for 2009 and 2010.

Mr. Dennis provided the Board and staff with handouts on information about customers with sewage flows to Midway, King County/Metro and Pierce County. In the areas of King and Pierce Counties reflected in the map, the District has been paying a much higher amount than what has been collected from the customers. Mr. Dennis' recommendation is to increase those charges to those specific customer types to make up the differences. Discussion was held on customers that fall in the SIC#4 and #5 categories and how this would affect those rates. Discussion was held on having a representative from the District talking to these customers personally. Discussion was also held on the possibility of having a public meeting for customers with sewage that flows to Midway, King County/Metro and Pierce County. Mr. Dennis reported that he would draft a rate resolution that includes the 8% and 5% planned increases from 2007, and an additional 2% rate increase for water and wastewater, plus additional charges for those customers with sewage flows to King County and Pierce County. Mr. Pritchett reported that he will include language in the street lighting portion of the resolution about needing written proof from an approved land jurisdiction that a lot is determined to be "non-buildable" before street lighting charges will be terminated.

Hearing no testimony, Commissioner Nowicki adjourned the public hearing and reconvened the regular meeting.

#### STAFF REPORTS

**Director of Finance/Information Systems:** Mr. Dennis reported that he and Commissioners Miller and Gibson met with the State Auditor on Monday for the audit exit conference. They presented the District's Audit Report for 2007 with no findings. There were two minor exit items that the auditors felt the District needed to improve on. One was the procurement card payment process. They thought this process needed to be made quicker to avoid late/finance charges. The other was the District's control over its small assets. The auditors pointed out the need for a better system of control over these small assets. It was reported that the Plant is already beginning to start a system to implement this. All in all it was a good audit. Discussion was held on the benefits of having a performance audit. Discussion was also held on color coding of tools and on the tools policy.

**Engineering/Water Manager:** Mr. Bowman reported that he will be meeting with the Department of Health (DOH) in preparation for a meeting with King County regarding amendments to the County's Comprehensive Plan. DOH has already approved the District's Water Comprehensive Plan and hard copies of the Plan were just received last week. Mr. Bowman reported to the Board that there are printed copies of the Water Comprehensive Plan for internal staff and to let him know if they would like to review it.

Mr. Bowman further reported that he attended a Ground Water Management Committee meeting last night. He commented that it was a good meeting and that they will be meeting semi-annually. He mentioned that the annual Water Festival will be held in March at the Green River Community College campus. It had been previously held at the Highline Community College campus, but has been moved back to Green River. Over 15,000 students have gone through this program to date, and he believes this is a very worthwhile program that has been very popular in the community.

Mr. Bowman reported that the Department of Health received an Attorney General's Office opinion on exempt wells. The District has generally been under the assumption that no exempt well could use more than 5,000 gallons of water per day, but for stock watering and irrigation on lots less than ½ acre. It now appears that there is no limit and exempt wells can use as much water as they can produce.

Mr. Bowman reported that Mr. Perry and he attended the second supply operations meeting this morning and met with Tacoma staff. Mr. Bowman stated that Tacoma appears to have put a settlement offer together with Parsons, the contractor on the project, for 1.75 million dollars out of claims totaling around 4.3 million dollars. Further discussion was held on this matter. Discussion was also held on the dramatic increase in cost for chemicals.

**General Manager:** Mr. Perry reported he has an estimate for the HVAC and engineering system in the amount of \$352,000.00 for the Board to review. He is bringing this to the Board's attention to see if they want him to pursue this any further or not. The Board would like this presented as an information item at the next meeting. Mr. Perry commented that he will put an agenda information item together and give the engineer's estimate on this matter. Mr. Perry reported on the state reuse committee and how they lobbied the state on reuse projects not having to wait for the approval of the land use authority to approve a comprehensive plan to move forward on a reuse project. Lastly, Mr. Perry commented that the annual Water Festival will be held on March 24<sup>th</sup> and 25<sup>th</sup> and the Board is invited to attend.

COMMITTEE REPORTS/COMMISSIONER COMMENTS

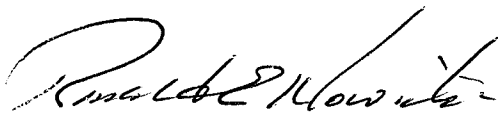
Commissioner Gibson reported that he attended the Government Affairs meeting and the Federal Way Chamber luncheon. He attended the EDC meeting where it was reported that safety cameras are being installed throughout city strictly for security purposes.

Commissioner Miller reported that he attended the Finance Committee meeting and the audit exit conference.

Commissioner Nowicki reported on the MWPAAC meeting he attended. He commented that there will be more meetings on reclaimed water for those interested in attending. He thanked Mr. Pritchett and Mr. Perry for drafting the general travel policy. Discussion was held on whether the Board should be included in the travel policy. Further discussion was held on the travel policy for District employees.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at approximately 8:30 p.m.



President Nowicki

Yea

Nay

Abstain

ATTEST:



Vice President Gibson

Yea

Nay

Abstain

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Secretary Stewart

\_\_\_\_\_  
Yea

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Nay

\_\_\_\_\_  
Abstain

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

\_\_\_\_\_  
Yea

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Nay

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Abstain

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*Donald P. Miller*  
Commissioner Miller

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✓  
Yea

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Nay

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Abstain