

LAKEHAVEN UTILITY DISTRICT
King County, Washington

REGULAR BUSINESS MEETING
August 27, 2009

A regular meeting of the Board of Commissioners of the Lakehaven Utility District, King County, Washington, was held on August 27, 2009 at Lakehaven Center, 31531 First Avenue South, Federal Way, Washington 98003.

President Gibson 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:

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

APPROVAL OF MINUTES

Upon motion of Commissioner Englund, which was duly seconded by Commissioner Miller, the Board **adopted** the minutes of July 23, 2009 as presented.

APPROVAL OF AGENDA

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

CORRESPONDENCE

Commissioner Miller commented on the Clean Water Advocate pamphlet recognizing Lakehaven Utility District's Lakota Wastewater Treatment Plant and Redondo Wastewater Treatment Plant for Peak Performance Awards. The Board congratulated Mr. McCalib and Mr. Cook who were in attendance.

Commissioner Gibson commented on the South King County Fire and Rescue Annual Report for 2008, and passed it around for the Board to review. He also commented on the letter to Lakehaven Utility District from WASWD in response to auditing concerns.

CONSENT AGENDA

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

1. Insurance Renewal 2009-2010;
2. Wastewater Operations Surplus Property; Resolution No. 2009-1132;
3. Designate Leonard Englund as Alternate Representative for Metropolitan Water Pollution Abatement Advisory Committee (MWPAAC);
4. Accounts Payable Vouchers and Payroll Transactions with the warrant dates of 7/28/09, 7/29/09, 7/30/09, 8/5/09, 8/6/09, 8/10/09, 8/11/09, 8/12/09, 8/13/09, 8/18/09, 8/19/09, 8/20/09, 8/24/09, 8/25/09, 8/26/09, 8/27/09, and 8/28/09.

Maintenance Fund No. 11-333-0510

7/28/09 Voucher nos. 17588 & 17589, total amount of \$286.23;
7/29/09 Voucher nos. 17590-17656, total amount of \$147,891.57;
8/5/09 Voucher nos. 17667-17720, total amount of \$102,149.44;
8/11/09 Voucher no. 17742, total amount of \$54.50;
8/12/09 Voucher nos. 17743-17798, total amount of \$58,219.68;
8/18/09 Voucher no. 17803, total amount of \$1,519.50;
8/19/09 Voucher nos. 17804-17859, total amount of \$411,757.76;
8/25/09 Voucher nos. 17879-17891, total amount of \$2,874.77;
8/26/09 Voucher nos. 17892-17959, total amount of \$148,860.36;
8/28/09 Voucher no. 17969, total amount of \$61,995.51.

Construction Fund No. 11-333-3510

7/30/09 Voucher nos. 17657-17666, total amount of \$50,106.08;
8/6/09 Voucher nos. 17721-17726, total amount of \$59,225.94;
8/13/09 Voucher nos. 17799-17802, total amount of \$45,960.89;
8/20/09 Voucher nos. 17860-17864, total amount of \$207,696.38;
8/27/09 Voucher nos. 17960-17968, total amount of \$205,725.93.

Payroll – Fund No. 11-333-0530 08/10/09 8/24/09

Warrants: \$ 3,766.43 \$ 1,611.66
Direct Deposits: \$ 212,483.30 \$ 184,227.36
Benefit Warrants: \$ 152,066.70 \$ 52,959.37
(voucher nos. 17727-17741 & 17865-17878)
Withholding/FICA \$ 92,000.27 \$ 74,041.49
Total Amount of: \$ 460,316.70 \$ 312,839.88

ACTION ITEMS

#1, 2009 Miox On-Site Disinfection Unit Capital Equipment Lease-Purchase: Chris McCalib reported that he was bringing this matter before the Board again to provide additional information on the Miox On-Site Disinfection Unit. There were two separate site visits at the Snoqualmie Treatment Plant that Commissioners Miller, Stewart and Englund attended. Mr. McCalib handed out colored copies to the Board and staff of an updated Cost Comparison: Lakota Chlorine System vs. Proposed Miox System for warranty period years 1-4 and non-warranty period years 5-20. Discussion was held on total cost savings. Discussion was held on UV treatment and how the UV treatment system would still remain the primary treatment. Mr. McCalib reported that if the UV treatment failed for any reason, the Miox on-site disinfection would act as a backup system. Mr. McCalib reviewed the Cost Comparison with the Board and staff. Much discussion was held on the size of the equipment that would need to be installed and the amount of space necessary to house the equipment for the Miox system. The Board expressed concern about the cost of installation. Mr. McCalib reported that the cost of installing the Miox equipment would be approximately \$20,000 to \$30,000 and that staff would be installing it. He further reported that the current equipment needs to be replaced, and that it would cost somewhere between \$20,000 and \$40,000 to replace it. He pointed out that the cost of replacing the current equipment would be more than installing the Miox System. He also reported that the equipment used at the Snoqualmie Treatment Plant is much larger than what Lakehaven Utility District would need to use and that the tanks would be quite a bit smaller than what was observed at Snoqualmie. He commented that these units are modular and can be expanded if needed. The current equipment he is proposing to have installed will fit into the District's current facilities with little modification. He reported that the shop drawings and dimensions have been reviewed and that there are no concerns at all on space.

Discussion was held on estimated costs and whether they would escalate over time. Mr. McCalib stated the power costs are unknown at this point and that salt costs have been stable the past 15 to 20 years. He did not include cost escalations in the Cost Comparison handout. He further stated that he used figures provided by Miox and that after talking with other districts currently using Miox systems, the equipment operates much more efficiently than the modest estimates provided by Miox. Discussion was held on performance requirements and service agreements. Discussion was also held on the safety benefits in using the Miox system as opposed to using chlorine gas. Commissioner Nowicki suggested that the Miox system is a much cheaper way to make a safer product. He further commented that in the future he would like to see economic review go through the Finance Department before presentation to the Board.

Upon motion of Commissioner Miller, which was duly seconded by Commissioner Nowicki, the Board unanimously **approved** the 2009 Miox On-Site Disinfection Unit Capital Equipment Lease-Purchase in the amount of \$220,752.00 and authorized the General Manager to sign said contract.

#2, Easement Relinquishment Agreement – City of Federal Way: Mr. Pritchett reported this Agreement reflects discussions held between Lakehaven Utility District and the City of Federal Way. The City periodically undertakes right-of-way improvement projects that require expansion of the right-of-way into private property adjacent to the existing right-of-way. This requires that the City acquire the underlying property, which often requires that condemnation actions be filed. In many cases, the District's facilities are located within private easements on the property to be acquired. The District and City have been discussing the alternatives to the District's participation in the condemnation proceedings. In order to avoid the expense and delay of condemnation proceedings, the District and City have proposed that the District relinquish its easements in exchange for the City agreeing to pay for the relocation of the water and/or sewer facilities within the former easements and to waive any requirements that the District move the facilities for five (5) years after the completion of the public project. This Agreement expires at the end of 2014 and can be extended if both parties agree. This matter will be on the City of Federal Way's board agenda at their next regular meeting.

Upon motion of Commissioner Miller, which was duly seconded by Commissioner Englund, the Board unanimously **approved** the Easement Relinquishment Agreement with the City of Federal Way.

INFORMATION ITEMS

#1, Interlocal Agreement – Confined Space Rescue (SKFR): Mr. Pritchett commented that the first sentence of paragraph no. 2 of the Agreement needs to be changed to read "SKFR to provide confined space rescue and confined space training for Lakehaven." Chris McCalib reported that the District has a confined space program to keep employees safe and that the Department of Labor & Industries requires that rescue and training services be provided to employees. The District negotiated a satisfactory Interlocal Agreement with South King Fire & Rescue for Confined Space Rescue and Training Service.

Upon motion of Commissioner Nowicki, which was duly seconded by Commissioner Englund, the Board unanimously **amended** the agenda to add **Action Item #3, Interlocal Agreement – Confined Space Rescue (SKFR); Approval.**

Action Item #3, Interlocal Agreement – Confined Space Rescue (SKFR); Approval: Upon motion of Commissioner Englund, which was duly seconded by Commissioner Miller, the Board unanimously **approved** the Interlocal Agreement as amended.

#2, Septage Receiving Unit Interlocal Equipment Purchase: Chris McCalib reported that Lakota WWTP routinely receives septage from several private septage hauling vendors each year. Over the past two years this service generated \$29,000 in 2008 and \$46,300 thus far this year in revenue for the District. Recently, when septage haulers bring in loads, there have been complaints from staff about the odor and high levels of corrosion to equipment in the headworks. As a result of the complaints, staff installed downstream gas monitoring equipment to measure

hydrogen sulfide gas concentrations from the incoming wastewater stream. After six months of monitoring the gas levels, documentation indicates that the levels of hydrogen sulfide are near critical thresholds. Due to safety concerns, staff is recommending improvements to the current method of receiving and treating the septage.

Staff reviewed options for new septage receiving equipment and prices ranged from \$200,000 to \$250,000. As an alternative, the City of Lynden has made an offer to sell their new septage receiving unit that has never been put into service. Staff evaluated this equipment during a site visit in 2008 and considered it a least cost alternative. Mr. McCalib reported that staff will do an operational test on the equipment to make sure all components are working properly. The purchase of this equipment would allow Lakota WWTP to continue to offer the septage receiving service to its valued customers, while ensuring the safety of employees. Discussion was held on the size of the equipment and transporting of it. Mr. Perry commented that this would help with revenue in the long term.

Staff is recommending that the Board consider moving this to an action item and authorize the General Manager to execute the attached Inter-Local Agreement with the City of Lynden to purchase the proposed equipment for \$60,000.00.

Upon motion of Commissioner Nowicki, which was duly seconded by Commissioner Stewart, the Board unanimously **amended** the agenda to add **Action Item #4, Septage Receiving Unit Interlocal Equipment Purchase; Approval.**

Action Item #4, Septage Receiving Unit Interlocal Equipment Purchase; Approval: Upon motion of Commissioner Nowicki, which was duly seconded by Commissioner Miller, the Board unanimously **approved** the General Manager to execute the attached Inter-Local Equipment Purchase Agreement with the City of Lynden to purchase the proposed equipment for \$60,000.00, if and only if, the equipment tested is operational.

#3, Lakota WWTP Rotork Valve Actuators Purchase: Norm Cook reported on the Lakota WWTP Rotork Valve Actuators Purchase. Mr. Cook reported that Lakota needs to replace six actuators on the Aeration Air supply process. These six actuators, in addition to four actuators for the RAS return valves, are critical components in meeting permit requirements and operating the secondary treatment process. There is a need to replace these aging valves and staff has been unable to find any replacement parts for them. The original manufacturer was SKIL and they have since been bought out by Rotork. The Rotork actuators are now the direct manufacturer's replacement for Lakota's aging valve actuators. New Rotork actuator valves would standardize the actuators in the applications noted and are in line with the plant's goal of standardization of equipment, which lowers maintenance, reduces spare parts inventory, allows precision operation and avoids the need for additional training since they already are trained on the Rotork valves.

The Board reviewed the Rotork Valve Actuators Quote attached to the information item. Commissioner Nowicki commented again that he would like to see large expenditures reviewed by Mr. Dennis in Finance to see if they fall within the budget prior to being brought before the Board for approval. Further discussion was held on staff reviewing expenditures with the Finance Department prior to presenting them to the Board.

Upon motion of Commissioner Nowicki, which was duly seconded by Commissioner Englund, the Board unanimously **amended** the agenda to add **Action Item #5, Lakota WWTP Rotork Valve Actuators Purchase; Approval.**

Action Item #5, Lakota WWTP Rotork Valve Actuators Purchase; Approval: Upon motion of Commissioner Englund, which was duly seconded by Commissioner Nowicki, the Board unanimously **approved** the Rotork Valve Actuators Purchase, upon confirmation from the Finance Department that there are available funds budgeted for this purchase.

#4, Increase Petty Cash Fund; Resolution No. 2009-1133: Mr. Dennis reported that because of the substantial increase in costs to file liens and the increase in the number of liens filed, there is a need to increase the petty cash fund.

Upon motion of Commissioner Miller, which was duly seconded by Commissioner Englund, the Board unanimously **amended** the agenda to add **Action Item #6 , Increase Petty Cash Fund; Resolution No. 2009-1133; Approval.**

Action Item #6, Increase Petty Cash Fund; Resolution No. 2009-1133; Approval: Upon motion of Commissioner Miller, which was duly seconded by Commissioner Englund, the Board unanimously **adopted** Resolution No. 2009-1133 to increase the petty cash fund.

COMMITTEE REPORTS/COMMISSIONER COMMENTS

Commissioner Miller reported that he attended a tour at the Snoqualmie Treatment Plant to view the Miox system and equipment. He commented on the number of dirty water reports. Mr. Perry reported there were more dirty water reports because the second supply pipeline was shut down at the same time staff turned the wells on. This resulted in an increase of water speed through the pipes.

Commissioner Nowicki reported that he will be attending the WASWD Fall Conference in Lake Chelan mid September. He also reported that he is running for the open position on the WASWD Board, and that he would like to have Commissioner Englund attend the next WASWD Board meeting.

STAFF REPORTS

General Counsel: Mr. Pritchett reported that he met with Commissioner Englund earlier in the week and gave him a presentation on the Open Public Meetings Act. He further commented that the last presentation given to the Board on the Open Public Meetings Act was in July of 2007 and that he would like to have another presentation on this in early 2010. He reported that he received a letter from an attorney for Mr. Davidson regarding the side sewer situation with his neighbor. He will have staff look at this again and keep the Board advised on the status.

Director of Finance/Information Systems: Mr. Dennis reported that he is spending much of his time working with rate consultants and on the system upgrade on the new billing system. He commented that one of the frustrations on reporting on the budget is that he cannot give the Board current information, only information from a couple of weeks ago because of the way information is administered to him.

General Manager: Mr. Perry commented on the Lateral Rehabilitation Guide from Trenchless Technology and the useful information it contained. He reported he will have a copy of it made for the Board and encouraged the Board to read it.

Mr. Perry indicated that he planned to meet with Project Managers soon to discuss budgets and how to understand them. He commented that in the past a realization factor was used and spending was under budget. Historically numbers have been under spent, but this has not been a good year for revenues and expenses. He reported that he will meet with staff and go through the process and explain to them that they can't spend what the District doesn't have in revenues or in the bank. Mr. Dennis asked Mr. Perry if he would like him to attend this meeting, and Mr. Perry replied that he would be more than happy to run it by him. Commissioner Nowicki encouraged Mr. Perry to have Mr. Dennis present at the meeting.

Mr. Perry also reported that he is waiting to hear back on Highline Water District's review of Lakehaven Utility District offer to sell them water and that he made a phone call to Auburn to see where they were on the proposal Lakehaven Utility District made to them on future water sales. Mr. Perry mentioned that he previously spoke to the Mayor and City Manager of Milton about the District's water sale offer and that we could meet their current rates. Milton didn't accept the offer and are now raising their rates 35%.

EXECUTIVE SESSION/CLOSED SESSION

At approximately 7:55 p.m., the regular meeting was recessed in order to conduct an Executive Session for the purpose of discussing potential litigation. It was stated that the Executive Session would start at 8:00 p.m. and would last approximately 15 minutes. At 8:15 p.m. the Executive Session was extended another 15 minutes. At approximately 8:30 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 8:31 p.m.

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

 _____ Vice President Stewart	<input checked="" type="checkbox"/> _____ Yea	<input type="checkbox"/> _____ Nay	<input type="checkbox"/> _____ Abstain
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 _____ Secretary Miller	<input checked="" type="checkbox"/> _____ Yea	<input type="checkbox"/> _____ Nay	<input type="checkbox"/> _____ Abstain
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 _____ Commissioner Nowicki	<input checked="" type="checkbox"/> _____ Yea	<input type="checkbox"/> _____ Nay	<input type="checkbox"/> _____ Abstain
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 _____ Commissioner England	<input checked="" type="checkbox"/> _____ Yea	<input type="checkbox"/> _____ Nay	<input type="checkbox"/> _____ Abstain
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