

LAKEHAVEN UTILITY DISTRICT
King County, Washington

SPECIAL BUSINESS MEETING
November 19, 2009

A special meeting of the Board of Commissioners of the Lakehaven Utility District, King County, Washington, was held on November 19, 2009 at Lakehaven Center, 31531 First Avenue South, Federal Way, Washington 98003.

President Gibson called the meeting to order at 2:00 p.m. and led 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

It was noted that Mr. Bowman was serving on Jury Duty and was unable to attend the meeting.

APPROVAL OF AGENDA

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

CORRESPONDENCE

Commissioner Gibson reported he received a letter from the state auditor informing him of the exit conference for the recent audit which is scheduled for December 1, 2009. Commissioner Gibson and Miller will be attending the meeting at 10:00 a.m. on behalf of the Board.

Mr. Perry received a card from Deanna Windh who recently retired from the District. In her card, Ms. Windh thanked the Board for recognizing her years of service and for the opportunities provided to her through her employment at the District.

CONSENT ITEMS

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

1. Resolution No. 2009-1140, designating US Bank National Association as the authorized depository of public funds of the District.
2. Accounts Payable Vouchers and Payroll Transactions with the warrant dates of 11/17/09, 11/18/09, 11/19/09, and 11/23/09.

Maintenance Fund No. 11-333-0510

11/17/09 Voucher nos. 18868-18944, total amount of \$408,383.60;
11/18/09 Voucher nos. 18945-18966, total amount of \$1,508.68.

Construction Fund No. 11-333-3510

11/19/09 Voucher nos. 18967-18970, total amount of \$12,045.94.

Payroll – Fund No. 11-333-0530 11/23/09

Warrants: \$ 151.14

Direct Deposits: \$ 185,156.88

Benefit Warrants: \$ 52,679.39

(voucher nos. 18971-18984)

Withholding/FICA \$ 71,824.24

Total Amount of: \$ 309,811.65

ACTION ITEMS

#1, 2009 Redondo Dewatering Upgrade Project CIP #5200048: Chris McCalib, Wastewater Operations Manager, began by explaining the components of the dewatering equipment. He provided further information that included capital costs and operating costs of the existing equipment and the proposed purchase. He noted that the proposed unit is designed to handle growth in capacity and will reduce operator workload, which would free up staff resources that could be utilized elsewhere. In addition, some atmospheric concerns would be eliminated and the load on the air handling equipment would be reduced. Pilot tests were performed on site at both treatment plants using District sludge; the figures gleaned from this provided the basis for compiling and verifying the savings and numbers. Mr. McCalib added this project was included in the proposed CIP that has been discussed. Lead time for this project was then discussed. Delivery should occur in approximately three months with a “phase in” time of six to eight weeks to follow. An expenditure time line was also discussed as well as the installation costs and removal and disposition costs. Mr. McCalib provided the Board information on cost savings if the new equipment was purchased compared to keeping and maintaining the current equipment. At the conclusion of the discussion, the Board considered this item.

Upon motion of Commissioner Nowicki, which was duly seconded by Commissioner Englund, the Board unanimously **authorized** the General Manager to enter into a contract with

Fournier Industries/Thetford Mines, Quebec, Canada for the purchase of a replacement dewatering system in the amount of \$429,512.66, including tax.

#2, 2010-2013 Electrical On-Call Services Contract: Mr. McCalib reviewed this item for providing the District on-call electrical services for the period of 2010 – 2013. He provided information that included a listing of expenditures for the last two contracts and briefly reviewed the projects indicated in the information. He noted that each project is brought to the Board for approval.

Upon motion of Commissioner Miller, which was duly seconded by Commissioner Nowicki, the Board unanimously **authorized** a contract with Lighthouse Electrical Group, Seattle, Washington in an amount not to exceed \$1,000,000.00 for the District's Electrical On-Call Services for the three year period of 2010 – 2013.

INFORMATION ITEMS

#1, Review of Fees and Charges and Capital Facility Charges: Mr. Pritchett began the presentation by stating there would be an overview of the District's proposed Capital Facilities Charges, which included the proposed rates as well as the capacity lease rental program. He added that in addition, a discussion of other items being proposed for inclusion in the new Fees and Charges resolution would follow. A copy of the proposed resolution was included in the Board's agenda packets. He then introduced Lynn Takaichi, of Kennedy/Jenks Consultants, who would be discussing the Capital Facilities Charges (CFCs). He noted a review of this issue had been presented to the Board at the October 8, 2009 Board meeting. Mr. Takaichi then began his presentation on the recommended Capital Facilities Charges (CFCs) for water and sewer, which included an evaluation of water facilities, wastewater facilities and collection-only customers. The principal CFC elements included existing facilities, future facilities (six year and ten year), credits and excise tax of 1.5%. He began by reviewing recent modifications for water since the October 8th presentation. There was no change being recommended for existing facilities. Future facilities were impacted due to a revision of the District's Capital Improvement Projects (CIP). A comparison of proposed charges was discussed and illustrated. Recent modifications for wastewater were then discussed with the proposed changes since the October presentation. Equivalent Residential Units (ERUs) were updated for existing facilities and the CIP was revised as well as the ERUs for future facilities. Updating the ERUs provides a better identification of revenue by connection type as well as accurately reflecting the numbers of ERUs currently treated by plants and plant capacities. Both system capacities in ERUs and collection only ERUs had been increased in the new update. The CFCs for wastewater were then summarized for existing and future facilities. These proposed numbers included the excise tax. Also summarized were the calculations for collection-only accounts.

Mr. Pritchett noted that it would be necessary that staff continue to work with Mr. Takaichi to refine the CFC modeling he was presenting and bring the matter back at the next

meeting. After a lengthy discussion, it was the consensus of the Board to direct staff to bring this item back to the next available meeting for further discussion.

Next discussed was the proposed Fees and Charges resolution. Mr. Dennis reviewed the 2010 leased capacity calculations and the various components. The customer is charged when their rolling 12 month average usage exceeds the ERUs associated with that specific customer. He explained that staff had done an extensive review of the customers that are included in this proposal and a plan was developed, based on the information provided in the review. He then demonstrated how the leased capacity charge might be calculated. Subsequent to the discussion, the Board concurred with the proposed plan.

Mr. Perry reported that Mr. Bowman had requested the Board consider a change to Policy 300-15, mandating specific costs to be used to estimate charges for installation of service lines. He was requesting that staff be allowed to make estimates, based on current costs and site-specific consideration. Tim Osborne, the District's Development Engineering Manager, and Brian Asbury, the District's Engineering Technician III/Pretreatment, then spoke to discuss proposed changes to the current fees and charges resolution, which was included in the packets with the proposed changes in legislative edit. The proposed changes were also provided in a handout to the Board to facilitate the discussion. It was noted that certain costs noted in the current resolution were being reviewed for the first time in a number of years. A review of the proposed changes began, which included the type of charge, the current charge, the proposed charge for 2010, the percentage of change and comments supporting the proposed changes. During the presentation, several suggestions were proposed and discussed. After the brief discussion, it was noted that this item will be brought back to the Board for further review.

Mr. Pritchett reported on an issue regarding a customer who wanted to have a property that he owned within the District be declared "unbuildable" for purposes of qualifying for the street light exclusion, without paying for the cost of having the County formally make the determination. County certification requires a costly permit for a site plan evaluation and the submission of a septic plan. He went on to propose that the District's rate resolution be revised to allow the property owner to submit certification from a licensed soils engineer or septic tank design professional declaring that the property would not be suitable for a septic system rather than require County certification. After discussion, it was the consensus of the Board to agree with the proposal by Mr. Pritchett.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at approximately 4:55 p.m.

Charles Gibson
President Gibson

Yea Nay Abstain

ATTEST:

Edward C. Stewart
Vice President Stewart

Yea Nay Abstain

Donald L. Miller
Secretary Miller

Yea Nay Abstain

Ronald E. Nowicki
Commissioner Nowicki

Yea Nay Abstain

Howard D. Englund
Commissioner Englund

Yea Nay Abstain