

LAKEHAVEN UTILITY DISTRICT
King County, Washington

REGULAR BUSINESS MEETING
March 11, 2010

A regular meeting of the Board of Commissioners of the Lakehaven Utility District, King County, Washington, was held on March 11, 2010 at Lakehaven Center, 31531 First Avenue South, Federal Way, Washington 98003.

President Miller 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:

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

APPROVAL OF MINUTES

Upon motion of Commissioner Gibson, which was duly seconded by Commissioner Nowicki, the Board unanimously **adopted** the minutes of February 11, 2010, as presented.

APPROVAL OF AGENDA

Steve Pritchett proposed a special meeting be set to discuss leased capacity charges and that action item #2, Board Meeting Schedule, be added to the agenda.

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

CORRESPONDENCE

Commissioner Miller commented on the email from Ray Gross of the City of Federal Way on upcoming meeting dates for the Greater Federal Way Emergency Operations Committee (GFWEOC) policy group.

CONSENT ITEMS

A brief discussion was held on clarification of expenses for various vouchers.

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

Accounts Payable Vouchers and Payroll Transactions with the warrant dates of 2/26/10, 3/3/10, 3/4/10, 3/5/10, 3/9/10, 3/10/10, and 3/11/10.

Maintenance Fund No. 11-333-0510

2/26/10 Voucher no. 20013, total amount of \$68,485.45;
3/3/10 Voucher nos. 20014-20015, total amount of \$7,155.69;
3/4/10 Voucher nos. 20016-20070, total amount of \$74,144.74;
3/9/10 Voucher nos. 20078-20123, total amount of \$66,453.23;
3/10/10 Voucher nos. 20124-20125, total amount of \$538.51.

Construction Fund No. 11-333-3510

3/5/10 Voucher nos. 20071-20077, total amount of \$63,566.94;
3/11/10 Voucher no. 20126, total amount of \$16,194.67.

Payroll – Fund No. 11-333-0530 3/11/10

Warrants: \$ 3,140.76
Direct Deposits: \$ 160,831.53
Benefit Warrants: \$ 144,059.94
(voucher nos. 20127-20141)
Withholding/FICA \$ 64,706.39
Total Amount of: \$ 372,738.62

ACTION ITEMS

#1, Renewal of King County Investment and Cash Management Services Agreement: Morgan Dennis reported this action item is for renewal of the King County Investment and Cash Management Services Agreements. He further reported that as the District's treasurer, King County processes all District warrants and wire transfers and that District funds are combined with those of other Districts and invested through the King County Investment Pool. He commented that a few years ago a Forms Policy Review Committee reviewed the County's agreements and updated their fee agreements for all participating Districts. In updating the agreements, a couple of improvements were made to the Districts' benefit in that monies are not taken out of the accounts when the warrants are processed, but rather when the warrants are redeemed. Staff recommends to the Board that they approve renewal of the agreements with King County.

Upon motion of Commissioner Stewart, which was duly seconded by Commissioner Englund, the Board unanimously **approved** the renewal of the Cash Management and Investment Services Agreements with King County.

#2, Board Meeting Schedule: Steve Pritchett suggested that a special meeting be set to discuss the capacity rental program. He stated that because of the length of time it will require to review this matter, it should be the primary focus of the meeting. He proposed to set a special meeting on Tuesday, March 16th at 2:00 p.m. He also commented that there is nothing identifiable for the upcoming regular Board meeting on March 25th and asked the Board to consider canceling the meeting on March 25th in light of having a special meeting on the 16th. He mentioned that Board minutes could be adopted and account payable vouchers and payroll transactions approved if need be on the 16th.

Upon motion of Commissioner Gibson, which was duly seconded by Commissioner Englund, the Board unanimously **approved** to set a special meeting on March 16th at 2:00 p.m. to review the capacity rental program and to **cancel** the regular Board meeting scheduled for March 25th, 2010.

INFORMATION ITEMS

#1, Redondo Co-Generation: Chris McCalib handed out copies of a pamphlet on the Stirling Biopower Flexgen and Equity Analysis of a Stirling Project for the Board and staff to review. He reported that the feasibility report on the Redondo Cogeneration Project was completed and reviewed by staff and presented to Puget Sound Energy. Puget Sound Energy has agreed to process the project at the 2009 renewable funding rates, which are favorable to the project. PSE does, however, require several studies to finalize the process in order to fund it in partnership with the District. The required studies are the Scoping Meeting (\$500.00) and the System Impact Study (est. \$8,000.00). Other studies needed to complete the project have already been met or are included in the project costs. If the project is approved, PSE will fund the project at 70% of the total project costs. Federal grants would cover another 10% of the project costs, leaving the District to fund the remaining 20% of project costs. Mr. McCalib commented that he would like to move forward on completing the two studies that would cost a total of \$8,500.00 so the project could be approved for funding by PSE. Mr. McCalib further reported that the Grant Agreement does not lock the District into moving forward with project, it just approves it. Discussion was held on the \$8,500.00 study costs associated with acquiring funding from PSE and that the expenditure was within the General Manager's signature limit to approve. The Board and staff reviewed the Cost Analysis of the project attached to the last page of the handout. Discussion was held on budgeting for this project and reviewing it with the Finance Department prior to further presentations before the Board. Mr. Perry commented on the cost analysis and reported that money, most likely, would not change hands until the following year. Mr. McCalib added that the costs associated with the equipment show that the project will pay these costs back within two years.

#2, 2010-1012 Wastewater Operations Chemical Purchasing Contract: Chris McCalib reported that wastewater operations uses various chemicals at the treatment plants for effective treatment of wastewater. The District advertised for bids on the three year contract and received two responses. One response was from Northstar Chemical Inc. in the amount of

\$108,483.84 and the other response was from JCI who entered a “no bid”. The District has used Northstar Chemical Inc. in the past and has been very pleased with their service to date.

Upon motion of Commissioner Nowicki, which was duly seconded by Commissioner Englund, the Board unanimously **amended** the agenda to add **Action Item #3, 2010-1012 Wastewater Operations Chemical Purchasing Contract; Approval.**

Action Item #3, 2010-1012 Wastewater Operations Chemical Purchasing Contract; Approval: Upon motion of Commissioner Gibson, which was duly seconded by Commissioner Englund, the Board unanimously **approved** the bid award for the 2010 – 2013 Sodium Hypochlorite & Caustic Soda Purchase (10-967) to Northstar Chemical in the amount of \$108,483.84 for a three year period.

Mr. McCalib reported to the Board that he was contacted by Chris Michael Rainy informing him that Lakehaven Utility District’s Wastewater Operations was recommended to be featured in the Treatment Plant Operation magazine publication. The magazine features various treatment plants and the outstanding staff they have operating the plants. He was asked if Lakehaven would be willing to be featured in their magazine and that the article would feature both Lakota and Redondo Treatment Plants. Treatment Plant Operations would hire a professional photographer to take pictures of facilities and staff. The Board congratulated Mr. McCalib and stated it would be an honor to be featured in their publication.

#3, Cellular Phones: Gene Yoder reported that the District has been having difficulties with the current cell phone service provider, Nextel, and is looking to change service providers to Verizon. The primary difficulty has been with the ability to transmit text message from all five of the District’s SCADA Systems to the designated phones. Nextel is unable to resolve this issue and receiving text messages from our SCADA Systems is critical to our operations. The long term cost is approximately \$200.00 per month more than what the District is currently paying for this service, but through the State contract, the District will not have to pay for replacement phones or be committed to any type of cellular phone provider contract which will help off-set additional costs. Verizon also has better service coverage in surrounding areas and all existing phone numbers will remain the same. Staff is recommending that the District change service providers from Nextel to Verizon.

Upon motion of Commissioner Englund, which was duly seconded by Commissioner Gibson, the Board unanimously **amended** the agenda to add **Action Item #4, Cellular Phones; Approval.**

Action Item #4, Cellular Phones: Upon motion of Commissioner Englund, which was duly seconded by Commissioner Gibson, the Board unanimously **approved** to change the District’s cell phone service provider from Nextel to Verizon.

#4, Hydro-Excavator Purchase: Gene Yoder reported that when he previously presented the Hydro-Excavator Purchase to the Board in February 2010, the Board approved a recommended cost cap of \$200,000.00 for the purchase of this type of vehicle. Since Board approval, staff hasn't been able to find a quality hydro-excavator for under \$200,000.00. Staff is bringing this matter back before the Board to request the purchase of a Combination-Excavator as opposed to a Hydro-Excavator. Mr. Yoder commented that the combination machine, while not perfect for the application for which it will be used, is adequate enough to be fully functional. Discussion was held on the differences between a Hydro-Excavator and Combination-Excavator. Commissioner Miller suggested that staff consider working with some local dealerships in the area and asking them to help search for a Hydro-Excavator within the desired price range and vehicle year.

#5, Leased Capacity Charges Update: This matter will be addressed at the Special Board meeting set for March 16th at 2:00 p.m.

COMMITTEE REPORTS/COMMISSIONER COMMENTS

Commissioner Englund reported he is on the mailing list for WASWD now and will be attending the Special Board meeting on Monday and the Section 4 meeting. He also mentioned that he will be attending a conference in April sponsored by the Association of Washington Cities.

Commissioner Nowicki reported that he attended the Economic Development Committee meeting and Government Affairs Committee meeting in Commissioner Gibson's absence. He asked the Board Clerk to make copies of the City budget breakdown for the other Board members to review.

Commissioner Miller reported that he attended a special Insurance Committee meeting on the ongoing investigation of Canfield and Associates. A brief discussion followed on this matter.

Commissioner Gibson reported that he attended the Insurance Committee meeting and City of Federal Way Franchise Agreement meeting.

STAFF REPORTS

General Counsel: Mr. Pritchett reported on the last legislative committee meeting of the current session. He held discussion on the Skyway Bill that did pass. He reported he met with the Personnel Committee to review and discuss salary ranges. HR would like guidance from the Board in determining the level to set the increase called for in non-represented salary ranges for 2010. The program for non-represented employees calls for the salary ranges to increase by 1% over the CPI in 2010. The CPI decreased slightly during the measuring year. He asked if it was the Board's intention to have the increase start at zero and add the 1% or go below zero to reflect

the CPI reduction and add 1% from that. The Board recommended that it start at zero and go up 1% from there. Mr. Pritchett reported that he will have the salary ranges administered in that fashion. He reported on the meeting with the City of Federal Way to finalize the Franchise Agreement and thanked Board members, Gibson and Nowicki, for attending the meeting with the City.

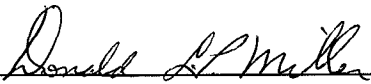
Director of Finance/Information Systems: Mr. Dennis reported that he has been spending most of his time on leased capacity issues and is looking forward to updating the Board on the leased capacity program at the Special Board meeting on Tuesday.

Engineering/Water Manager: Mr. Bowman reported that the Board approved Resolution No. 2010-1153, adopting Policy No. 300-15 for substantial completion, at the last Board meeting. Staff commented that the Policy needs one minor amendment to reflect that payment of all outstanding invoices from the District are required following the warranty period. The revised policy kept the old language referring to a “one” year maintenance period and we currently have a two year warranty period. Mr. Bowman requested that the policy simply read “through the warranty period”. It was the consensus of the Board to amend the Policy accordingly. Mr. Bowman reported that Tacoma staff made a formal recommendation to the Board Study Group to use a filtration system for the Second Supply Project. He commented that this matter should be presented to full Council on the 24th of March and he will continue to keep the Board updated.

General Manager: Mr. Perry reported that he was approached by WASWD and asked if he would be interested in serving on the State’s Climate Change Committee. After a brief discussion on the matter, it was determined that he didn’t have sufficient time to serve on another committee. He also reported on the public works trust fund email he received, and that he will be submitting an application on behalf of the District.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at approximately 8:00 p.m.




President Miller

Yea

Nay

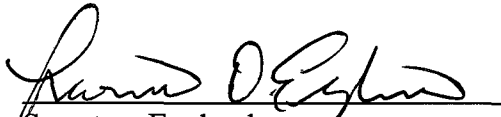
Abstain

ATTEST:




Vice President Nowicki

| | | |
|-------------------------------------|--------------------------|--------------------------|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Yea | Nay | Abstain |



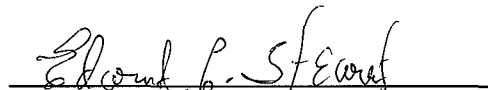
Secretary Englund

| | | |
|-------------------------------------|--------------------------|--------------------------|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Yea | Nay | Abstain |



Commissioner Gibson

| | | |
|-------------------------------------|--------------------------|--------------------------|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Yea | Nay | Abstain |



Commissioner Stewart

| | | |
|-------------------------------------|--------------------------|--------------------------|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Yea | Nay | Abstain |