

LAKEHAVEN UTILITY DISTRICT
King County, Washington

REGULAR BUSINESS MEETING
May 27, 2010

A regular meeting of the Board of Commissioners of the Lakehaven Utility District, King County, Washington, was held on May 27, 2010 at Lakehaven Center, 31531 First Avenue South, Federal Way, Washington 98003.

Vice-President Nowicki called the meeting to order at 6:00 p.m. and asked Commissioner Stewart to lead the flag salute. Members/officials present were as follows:

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

Upon motion of Commissioner Englund, which was duly seconded by Commissioner Gibson, the Board unanimously **excused** Commissioner Miller from the meeting.

APPROVAL OF MINUTES

Upon motion of Commissioner Englund, which was duly seconded by Commissioner Stewart, the Board unanimously **adopted** the minutes of May 13, 2010, as presented.

APPROVAL OF AGENDA

Steve Pritchett requested that Action Item No. 1 be removed from the agenda.

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

CONSENT ITEMS

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

Accounts Payable Vouchers and Payroll Transactions with the warrant dates of 5/18/10, 5/19/10, 5/20/10, 5/25/10, 5/26/10, and 5/27/10.

Maintenance Fund No. 11-333-0510

5/18/10 Voucher nos. 20866-20871, total amount of \$2,814.89;
5/19/10 Voucher nos. 20872-20955, total amount of \$231,008.05;
5/25/10 Voucher nos. 20963-20964, total amount of \$1,160.47;
5/26/10 Voucher nos. 20965-21013, total amount of \$294,655.05;
5/27/10 Voucher no. 21030, total amount of \$58,742.47.

Construction Fund No. 11-333-3510

5/20/10 Voucher nos. 20956-20962, total amount of \$85,454.99;
5/26/10 Voucher nos. 21014-21015, total amount of \$11,628.71.

Payroll – Fund No. 11-333-0530 5/26/10

Warrants: \$ 2,992.77
Direct Deposits: \$ 181,605.73
Benefit Warrants: \$ 54,399.01
(voucher nos. 21016-21029)
Withholding/FICA \$ 75,341.09
Total Amount of: \$ 314,338.60

ACTION ITEMS

#2, Redondo Co-Generation: Chris McCalib reported that this matter was presented to the Board at the last board meeting, and that he is bringing this matter back before the Board with a compilation of the requested information. He then reviewed the Redondo Cogeneration Project Timeline and Equity Analysis of a Stirling Project with the Board. Discussion was held on the PSE approval process and federal grant monies. Discussion was also held on the unit payback point. Commissioner Nowicki commented that the action item doesn't specify exactly what it is staff is requesting to purchase or the total cost. Further discussion was held on budgeting for this project. Mr. Perry commented that this project will save the District money versus a project that consumes it. The Board suggested that staff present this matter as a consent item at the next Board meeting in a one page summary that outlines what is being purchased, why it is needed and how the project will be funded. The Board thanked Mr. McCalib for all his hard work on this project.

Mr. McCalib introduced John Barton, originally hired from Savannah, Georgia as a Plant Op III, who has just recently been promoted to Operation Supervisor to run the treatment facility at Redondo. Mr. Barton then introduced himself to the Board and reported that he is very enthusiastic about the projects the District has planned. The Board congratulated him on his promotion.

#3, Second Supply Project – Filtration Authorization Resolution: John Bowman reported that the Board previously authorized that the District vote in favor of filtration as the

selected water treatment method from the project. At this time, Tacoma, Kent and Covington are pursuing the sale of bonds and their bonding representative recommended that each Partner's authorization for filtration be in the form of a resolution or ordinance. Mr. Bowman requested that the Board adopt the attached Resolution No. 2010-1158 that adopts filtration as the treatment system for the Second Supply Project. Mr. Bowman further reported that at the June 18th Second Supply Project Partnership meeting, the District will be receiving a document that is the proposed financial agreement to execute with the other partners.

Upon motion of Commissioner Gibson, which was duly seconded by Commissioner Englund, the Board unanimously **adopted** Resolution No. 2010-1158 that selects filtration as the treatment system for use on the Second Supply Project water supply.

INFORMATION ITEMS

#1, Federal Way Downtown Redevelopment Sewer Study: Andy Wilt reported that the 2009 Comprehensive Wastewater Plan indicated that Federal Way's Ordinance that was adopted in 2007 could lead to a tremendous increase in future population densities in the areas of Federal Way described as the "City Center Core" and the "City Center Frame". The previous 1999 Comprehensive Wastewater Plan indicated that the areas that are now described as the "City Center Core", "City Center Frame", and the "Remaining FW Downtown" would develop to an average of approximately 14 ERU's/acre. The new study indicates that the "City Center Core" may now develop to an average of approximately 105 ERU's/acre, the "City Center Frame" may develop to an average of approximately 51 ERU's/acre, while the "Remaining FW Downtown" area would remain at approximately 14 ERU's/acre. Discussion was held on Federal Way's Ordinance and the site plan. Discussion was also held on the extra flows from downtown construction to the Lakota Plant. Don Perry reported that staff will need the Board's guidance on this matter. Commissioner Gibson commented that he can call Brian Wilson and let him know that the District is looking at this matter and give him estimates. The Board requested that financing options be brought before them.

#2, Board Meeting Schedule: Steve Pritchett reported that staff would like to set a special meeting on Thursday June 17th at 1:30 p.m. for the purpose of discussing the CFC Rental Capacity program.

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

Action Item #4, Special Board Meeting; Approval: Upon motion of Commissioner Stewart, which was duly seconded by Commissioner Englund, the Board unanimously **set** a special meeting on June 17, 2010 at 1:30 p.m.

#3, Customer Electronic Payment Minimums: Morgan Dennis reported that on rare occasions there are customers who have small outstanding balances on their accounts as a result of account adjustments. For those customers who have set up automatic payment schedules to pay their bills on the due date, the District incurs a \$1.50 service charge regardless of what the balance is. There is an easy fix available in the billing system to eliminate any penalties for customer accounts that have a balance below a set amount. This would eliminate those rare transactions whose cost to collect exceeds the payment amount. Staff suggests that \$10.00 be chosen as the minimum payment amount. Mr. Morgan commented that a revised rate resolution could be presented as a consent item at a future meeting.

COMMITTEE REPORTS/COMMISSIONER COMMENTS

Commissioner Nowicki reported on the MWPAAC meeting he attended yesterday. He also reported that WASWD will be conducting interviews for a new Executive Director on Tuesday, June 1, 2010, and will be using Lakehaven Utility District conference rooms for these interviews. He further reported that the WASWD Section 4 August meeting will be held at Lakehaven Center on August 16th at 7:00 p.m. He would like to have WASWD members tour Lakehaven Utility District facilities and possibly have a Bar-B-Q during the meeting. He will present more on this matter to the Board at a future meeting.

Commissioner Englund reported that he completed the Pacific Northwest Section Seminars and attended the WASWD meeting.

STAFF REPORTS

General Counsel: Mr. Pritchett reported that Federal Way Symphony has an annual garden tour. This year the garden tour will be held on July 17th and one of the stops is the District's conservation garden. He passed out invitations to the Board.

Mr. Pritchett proposed that the District present a resolution of commendation to Tom Murphy at the poster contest awards ceremony on June 10th to recognize his retirement and outstanding service to the community. Mr. Pritchett reported that Bob Tweddle requested that Commissioner Gibson present the dedication of the garden to Bev Tweddle and that invitations have been sent out for this ceremony.

Mr. Pritchett reported that he met with the Auburn City Attorney to discuss moving forward with the water Franchise agreement and will keep the Board updated on this matter.

Mr. Pritchett further reported that he received a letter from the attorney representing Mr. Davidson, indicating that Mr. Davidson has decided to have the District install improvements to the side sewer. Mr. Davidson also asked if the District would approve of a payment plan for these services. Mr. Pritchett asked for guidance from Board on this request, and it was the

consensus of the Board not to allow a payment plan. Mr. Pritchett reported that he would convey this to Mr. Davidson in a responsive letter.

Lastly, Mr. Pritchett reported that Commissioner Miller asked that the District consider making a contribution to the new senior garden for the purchase of compost material from the conservation fund. It was the Board's consensus to make the contribution.

Director of Finance/Information Systems: Mr. Dennis mentioned that budget calculations for 2011-2012 have been started and that he would like to have Ed Cebron come back and look at overhead calculations as they haven't been reviewed since 2000. He reported that there is still \$10,000 left on their contract and that he would bring this back before the Board for approval after getting an estimate.

Engineering/Water Manager: Mr. Bowman reported had the District was not selected for the Drinking Water State Revolving Loan Fund it previously applied for. He further reported that the District's Annual Consumer Confidence Report will be going out in June and that it looks good.

General Manager: Mr. Perry reported that he attended Pacific Northwest Annual AWWA Section Conference with Commissioner Englund and Commissioner Miller; and found these meetings to be very informative. He further reported that John Bowman and he met with the City of Edgewood to discuss the sewer system. Mr. Perry reported that about a year ago there were discussions on a claim from the City of Tacoma and that this claim has come back and the Tacoma Board has approved a settlement. He commented that when he receives more information on this matter, he will bring it back before the Board.

CLOSED SESSION

At approximately 8:07 p.m. the regular meeting was recessed in order to conduct a closed session pursuant to RCW 42.30.140(4)(a) for the purpose of discussing union negotiation strategies. It was stated that the closed session would begin after a brief break and would last approximately 15 minutes. At approximately 8:27 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 8:27 p.m.

ABSENT


President Miller

Yea

Nay

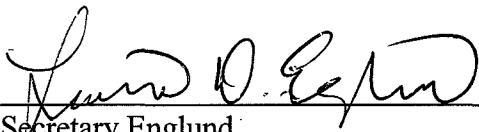
Abstain

ATTEST:



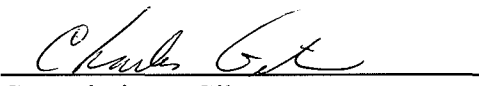
Vice President Nowicki

Yea Nay Abstain



Secretary England

Yea Nay Abstain



Commissioner Gibson

Yea Nay Abstain

Commissioner Stewart

Yea Nay Abstain