

***Project 14-2 560 Zone Lakehaven Utility District South Supply***

Lakehaven Utility District (LUD), a regional partner in the new Tacoma Treatment Plant, will begin receiving filtered water from the source in 2015. LUD has approached the District to discuss selling an average of 2.0 MGD to Highline Water.

The benefit of purchasing water from LUD is to have a redundant source of supply at a lower cost than Seattle Public Utilities (SPU), to help boost the hydraulic grade line in the southern portion of HWD, and to give additional operational flexibility to the District. The District gave a 5-year notice to SPU in August 2011 of its intention to purchase water from LUD in 2016, as required by the Partial Services Contract between the agencies.

Prior to purchasing water from LUD, the District will require the approval from Department of Health. Planning work, including a blending study, will be necessary. The District will need to identify any necessary capital improvements along with future operation evaluation and assistance. Carollo, the consulting firm developing the District's Water System Plan, is tasked to begin the initial effort as part of the update. Subsequent planning efforts will be identified once the initial feasibility is analyzed.

The District has allocated \$50,000 in the 2015 budget for studies and evaluations. The budget for 2016 includes \$550,000 for capital improvements and other studies/evaluations. Upon completion of the initial study effort, more detailed budgets of necessary expenditures can be performed. The initial funding for the project is by rates and capital reserves.