

**LAKWOOD WATER DISTRICT
BOARD OF COMMISSIONERS
Minutes of Regular Meeting
Thursday, January 15, 2015**

The Regular Meeting was called to order at 3:30 p.m. at the District office. Present at the meeting: Commissioners L. R. Ghilarducci, Jr., J. S. Korsmo, Jr., and G. J. Rediske; General Manager R. Black; Superintendent I. Black; Finance Director D. Logan; and District Secretary C. Butler.

PUBLIC COMMENT:

No members of the public were present.

APPROVAL OF MEETING MINUTES:

Commissioner Rediske moved to approve the minutes of the December 18, 2014 Regular Meeting. Commissioner Korsmo seconded the motion, and it was passed by a unanimous vote.

FINANCIAL INFORMATION:

Due to the District's year-end processes, the Finance Director did not have full December financials to present to the Board; however he provided preliminary financials and a brief summary overview. Full December 2014 financials will be provided and reported along with January financials at the February 19 Regular Meeting.

Disbursements made from the General Ledger Fund for check number 33160 through 33262 totaling \$1,148,980.28, salary direct deposits totaling \$136,889.54, payroll taxes totaling \$50,009.05, and electronic payments totaling \$135,980.26, for a grand total of \$1,471,859.13 were presented to the Board for approval. After review, Commissioner Korsmo moved to approve the payables as listed. Commissioner Rediske seconded the motion, and it was passed by a unanimous vote.

BOARD AWARD OF STEILACOOM BOULEVARD R&R PROJECT:

There were 16 plan-holders and 10 bids submitted for this project. With an Engineer's Estimate of \$660,000 with sales tax, the lowest bid was submitted by Pape & Sons Construction, Inc. out of Gig Harbor, Washington at \$645,777.48. The second and third lowest bidders were Rotschy, Inc. out of Vancouver, Washington at \$656,024.07 and Cannon Construction, Inc. out of Milton, Washington at \$700,138.73. The General Manager recommended the Board award the project to Pape & Sons, the lowest responsible bidder with a proven work history with the District. Commissioner Rediske moved to award the project to Pape & Sons, Commissioner Korsmo seconded the motion, and it was passed by a unanimous vote.

SUCCESSION PLAN UPDATE:

The General Manager presented an updated Succession Plan to the Board, highlighting changes from the original plan presented in 2014. Key changes included Department Head D. Hall extending his retirement from 2016 to 2018 and Senior Accountant S. Ferreira announcing her retirement in two years, approximately four years earlier than the last report. Currently it is anticipated that Mr. Hall's position will be filled in-house with one of two potential candidates. The District will need to go outside to fill the Senior Accountant's position which serves as a first assistant to the Finance Director. The District will be looking for an individual that will be able to not only fill the Senior Accountant's shoes but also potentially be able to refill the Finance Director position when Mr. Logan retires in approximately six years. Eight District staff members will be retiring in the next seven years.

BOARD APPROVAL OF WRITE-OFFS:

The State Auditor's Office requires the Board's approval of all write-offs. Write-offs in the amount of \$9,278.40 for 2014 were presented to the Board for approval. These write-offs were in four categories: Miscellaneous Accounts Receivable (\$965.91), Small Balances (\$15.89), 2012 and 2013 Collections (\$2,001.77), and Leak Adjustments (\$6,294.83). The General Manager mentioned the Leak Adjustment write-offs should all but go away or at least greatly diminish with the operation of the AMI meter system, as leaks will be detectable very early on versus having to wait for a two-month billing. The General Manager recommended the Board approve the write-offs as presented. Commissioner Rediske moved to approve the 2014 write-offs as presented, Commissioner Korsmo seconded the motion, and it was passed by a unanimous vote.

PUBLIC BIDDING FOR JOHN DEERE 60 MINI-EXCAVATOR AND SURPLUS OF 2007 JOHN DEERE 310J BACKHOE:

The General Manager asked the Board to approve the District's 2007 John Deere 310J Backhoe as surplus, with the intent for it to be traded in for a John Deere 60 Mini-excavator. The 2007 backhoe is not big enough to lift a load heavy enough to be of practical, beneficial use to the District. The District will be going out to public bid for the mini-excavator. Silver Lake Water & Sewer District recently went out to public bid for the same mini-excavator and purchased it for \$78K. The District would have been able to "piggy-back" on this purchase had Silver Lake's contract included the language that the price would be made available to other public jurisdictions. Since it did not, the District will need to go out to bid. Supplier Papé Machinery has already quoted the District a price at \$71K. Commissioner Rediske moved to surplus the District's 2007 John Deere 310J Backhoe, Commissioner Korsmo seconded the motion, and it was passed by a unanimous vote.

SUPERINTENDENT'S REPORT:

The Superintendent's Report was provided to the Board in its entirety in the pre-agenda packets. Supplemental to that report, the Superintendent updated the Board on a number of projects. With the Sound Transit Project bidding out and being awarded to Pape & Sons Construction and the Wisteria Project going to Waunch Construction &

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Trucking, the District will pretty much be spending its 2015 R&R budget by May. In the AMI Meter Replacement Program, there are approximately 2100 residential meters yet to be installed; it is hoped these installations will be completed by month's end. Larger meter installations are being performed by Ferguson who has subcontracted Pape & Sons to assist. This process will go into February and is to be completed in March.

Commissioner Korsmo noted the large number of service orders processed in January as noted on the Superintendent's Report and asked why. The Superintendent responded it was due to a high volume of escalations in the Meter Replacement Program, where additional work had to be performed by the District to complete certain meter installations.

In accounting for the District's unaccounted-for water according to the Water Use Efficiency Rule (WUE), the District's water sold will be a much more accurate number than ever before due to the new meters in the system. Unaccounted-for water is the difference between water pumped and water sold. The WUE requires the unaccounted-for water for a water purveyor to be at or under 10 percent. The District is presently at 11.75. This year and next, the State will be getting involved in enforcing this requirement; however, the District is in good standing as it meets the requirement as far as having a working plan in place. Additionally, the Superintendent reported 0.75 percent of the 11.75 percent may be lost to flushing. In 2015, the District will be putting a meter on its flushing hose, so water used will be able to be measured. The Fire District is the only entity the District has an agreement with to supply unmeasured/uncharged-for water.

FINANCE DIRECTOR/OFFICE SUPERVISOR'S REPORT:

The Finance Director distributed and discussed with the Board a list of credit card and processing fees charged over 2012, 2013, and 2014, involving Columbia Bank, US Bank, and Key Bank. The list showed fees had decreased from 3.87 and 4.70 percent in 2012 to 2.05 percent in 2014. The District is now PCI-compliant, which means it pays a lower credit card processing fee than if not PCI-compliant.

District staff is working on making email bills available to District customers. These bills would be able to be paid via ACH (Automated Clearing House) or with a credit card. The District is also looking into making it easier for a customer to pay his/her bill on its website. Right now, due to security and cost measures, the website does not save customer information. The District is looking into the costs and associated security measure components that would be needed and will be checking with HMS to see what can be done via that software. Commissioner Korsmo asked if the District offered any incentive(s) to pay via ACH (no fees to District) versus credit card. The Finance Director replied the District was looking into that too.

The District hired a part-time, temporary intern from Clover Park Technical College, J. Williams, to cover for employee M. Thomas who is about to go on maternity leave. This individual will help with Customer Service and Accounting.

OTHER BUSINESS:

Board Acknowledgement of Employee Wage Increases—The Board acknowledged wage increases for employees I. Black, R. Black, D. Logan, C. Butler, B. Gaskin, D. Hall, T. MacDougall, S. Ferreira, S. Rae, and D. Stanley.

Customer Comments on Rate Increase Letter—The General Manager reported the District had received 27 calls to date regarding the District's rate increase letter. The majority of the callers stated they had some confusion over the letter itself, so the District will make all attempts to simplify any such letter even more in the future; most of the callers were okay with the increase.

Legislative Information—It will be a long legislative session this year, going into April or May. There will be a number of water bills in play this session. The General Manager reported the Regional Water Cooperative of Pierce County will once again introduce the public works bidding bill, proposing to increase a water district's ability to perform work up to \$90K versus only \$20K. The General Manager stated he believes this bill—that came close last year—will pass this year.

City of Lakewood Franchise Agreement—The General Manager reported the 10-year "look-back" period commenced December 18, 2014, as it begins at the beginning of the ninth year of the agreement, with each party notifying the other of any issues of capacity regarding fire flow when it is out of compliance with state law and regulations or issues regarding water quality when it is out of compliance with either or both the local or state departments of health. At the commencement of the tenth year of the initial term of the agreement, the parties will have 60 days to resolve any of the properly noticed issues from the above list or any issues that the parties mutually agree would benefit the franchise. Without resolution of the issues, the franchise would terminate at the end of the tenth year. Without review at the tenth year, or if the review resolves properly noticed issues, the initial term of the agreement will continue to completion of the initial 20-year term. At the expiration of the initial 20-year term, the franchise will automatically extend for an additional term of 5 years, unless either party gives written notice to the other of termination at least 6 months before the expiration date. At the expiration of the extended term, the franchise will be automatically extended for an additional term of 5 years, unless either party gives written notice to the other of termination at least 6 months before the expiration date.

Department of Ecology (DOE) Grant Money for Ponders Well Site—The General Manager stated he received word from DOE regarding expected grant money from the Drinking Water Act Grant Fund for the Ponders Well Site. DOE believes they can provide the \$85K needed for the Engineering Study to determine the type of treatment most effective. Details should be forthcoming by the February 19 Commissioners' meeting.

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With no additional business to address, President Ghilarducci adjourned the meeting at 4:45 p.m.

**LAKWOOD WATER DISTRICT
BOARD OF COMMISSIONERS**

BY:

BY:



ITS PRESIDENT



ITS VICE PRESIDENT

BY:

ATTEST:



ITS SECRETARY



DISTRICT SECRETARY