

**LAKWOOD WATER DISTRICT
BOARD OF COMMISSIONERS
Minutes of Regular Meeting
Thursday, January 19, 2017**

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:

October 20, 2016 Special Meeting (2017 Budget Workshop)—Commissioner Korsmo moved to approve the minutes of the special meeting, Commissioner Rediske seconded the motion, and it was passed by a unanimous vote.

October 27, 2016 Special Meeting—Commissioner Korsmo moved to approve the minutes of the special meeting, Commissioner Rediske seconded the motion, and it was passed by a unanimous vote.

November 17, 2016 Regular Meeting—Commissioner Rediske moved to approve the minutes of the regular meeting, Commissioner Korsmo seconded the motion, and it was passed by a unanimous vote.

December 21, 2016 Special Meeting—Commissioner Rediske moved to approve the minutes of the special meeting, Commissioner Korsmo seconded the motion, and it was passed by a unanimous vote.

FINANCIAL INFORMATION:

The Finance Director presented the preliminary year-end financials to the Board; official December/year-end financials will be presented at the February 16 Regular Meeting.

Disbursements made from the General Ledger Fund for check number 36201 through 36309 totaling \$251,316.34, salary direct deposits totaling \$147,976.02, payroll taxes totaling \$50,211.09, and other electronic payments totaling \$98,241.15, for a grand total of \$547,744.60 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 ADOPTION OF RESOLUTION NO. B-1438, 2017 RATE INCREASE:

The General Manager presented this resolution before the Board to formally adopt the 2017 rate increase as approved by the Board in the 2017 Budget at the December 21, 2016 Special Meeting. Commissioner Rediske moved to adopt Resolution No. B-1438 formally ratifying the 2017 Rate Increase. Commissioner Korsmo seconded the motion, and it was passed by a unanimous vote.

BOARD APPROVAL OF 2017 DEVELOPER'S EXTENSION AGREEMENT:

The 2017 edition of the District's Developer's Extension Agreement, outlining the District's design and construction standards and specifications and including a summary of changes from the 2016 DEA, was presented for Board approval. Commissioner Rediske moved to approve the 2017 DEA, and Commissioner Korsmo seconded the motion. One of the changes in the 2017 DEA surrounded the City's recent decision to take over backflow protection in-premise isolation, causing the District to have to require all new commercial, remodeled commercial, industrial, and any residential service to have backflow protection commensurate with the degree of hazard as required by the State RCW 246-290-490. Commissioner Korsmo asked to discuss how the District will protect the water supply in some cases. The General Manager explained the District will require the installation of backflow devices at the meter to provide premise isolation. In some cases, such as a larger home with a boiler system, the State will still hold the District responsible for that particular in-premise isolation device and protection.

DCAA (Defense Contract Audit Agency)/JBLM UPDATE:

The General Manager reported the auditors from the DCAA recently informed District Finance Director the District had been awarded a clean audit with no findings and that it had been determined that the District's accounting system is able to administer the government's contract. The official written report from the Contracting Officer is expected to be received within the next week.

Additionally, the Superintendent reported he had received a letter from a Mr. Ken Straub of Defense Contracting Agency, Department of Logistic Administration, stating the District will be notified via letter by the second quarter of 2017 whether or not the District is still in the running to be considered for award of the government's contract.

It came up that, by law, since this is JBLM's third time to announce/attempt privatization, they will have to privatize to someone.

GENERAL MANAGER PROJECT UPDATES:

Wholesale Transmission Main Extension—

The rate model is being put together to forecast the volume rate to the wholesale customers. The District's Finance Director has been working with FCSG (Financial Consulting Solutions Group) to update all information concerning pricing. The District has asked the wholesale partners to provide their estimated total volume takes as it relates to what they are already under contract for in addition to any increased water interest so as to be able to run proper calculations and give them projected costs. It was the General Manager's plan to have all the necessary information to Summit, Firgrove, Spanaway, and Rainier View by the end of this month.

As previously reported, Spanaway Water is working on a cost comparison analysis regarding Tacoma Water versus Lakewood Water. Once the District receives all the pertinent information from its wholesale partners, the General Manager and Finance Director will make an appointment with each partner/customer to share the information with them.

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The General Manager and Finance Director recently met with representatives of Rainier View Water Company who are 100 percent committed to the installation of the WTME; the only remaining decision for them is whether or not to take an additional 1 million gallons a day of water.

Ponders Treatment Replacement Project—

The General Manager reported the District had received a revised budget on this project from Kennedy/Jenks, now under budget with approximately 12 percent contingency.

Representative Dick Muri's office called to offer his/their help in getting this item on the Governor's budget. Ms. Lawson at Department of Ecology continues to be very supportive of the District receiving the remaining funding for this project.

City of Lakewood for Cross Connection Control—

At the time of this meeting, the District was continuing to wait to hear from the City of Lakewood regarding setting up a time schedule for the District to turn over its files on in-premise isolation while ensuring that none of the backflow devices requiring testing would get dropped or missed through the process. The General Manager will follow up with an email to Community Development Director D. Bugher.

City of Lakewood Tree Removal Process—

The District continues to be in a holding pattern on this matter.

SUPERINTENDENT'S REPORT:

The Superintendent's Report was provided to the Board in its entirety in the pre-agenda packets. Supplemental to this, the Superintendent reported nine new jobs were on the books; two in-house and seven via developers, getting under the 2016 GFC wire prior to the 2017 increases.

District management staff was very pleased with the recent hiring pool for two Water Utility Worker I positions at the District, one to replace an employee lost last April and one to replace an employee retiring the end of March 2017. The District is pleased to have recently hired R. Alvis, a young veteran and Lakewood resident, and F. Tuitasi, a gentleman with 15 years' experience in water treatment in American Samoa, now living in Puyallup.

When asked by Commissioner Rediske how the field staff was fairing with the tablets and Lucity software, the Superintendent reported things were moving along well and staff is beginning to see the benefits and better "making friends" with the process.

The Superintendent expressed his appreciation and that of his staff for the Board's recent wage increase levels for employees.

FINANCE DIRECTOR/OFFICE SUPERVISOR'S REPORT:

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The 2015 Audit Exit Conference is scheduled for Tuesday, January 24, 2017 at 9 a.m. President Ghilarducci will attend on behalf of the Board.

The Finance Director shared with the Board the history of the District's wholesale water pricing and rate model and streamlining and simplifying the model.

The physical counts for inventory are completed. That information will be brought into the tablets/Lucity in the next couple days.

OTHER BUSINESS:

Board Acknowledgement of Employee Wage Adjustments and Increases— the Board acknowledged wage adjustments and/or increases for I. Black, C. Butler, B. Gaskin, D. Hall, D. Logan, T. MacDougall, S. Rae, and D. Stanley.

Unaccounted-for Water—

Commissioner Rediske asked where the District's unaccounted-for water level stood and what the plans were moving forward. Water lost to failing meters was down with the new meters in place. Additional and ongoing leak detection is in the 2017 Budget and planned beyond, with only 20 percent of the District tested for leaks on 2017. Being able to do away with hazard trees and avoid huge main breaks will also be to the District's advantage.

Commissioner Rediske asked if the District was protected even at a lost water percentage of greater than 10, looking at the water pumped vs water sold statistics on the recent pumping reports. The short answer is "yes," as the District is in compliance with the Water Use Efficiency Rule in that it has a plan in place and is keeping the plan. Additionally, the General Manager explained the District takes out the water used for fire drills and testing, as well as the District's water use; these are examples of water not sold but accounted for. Reports showed the District's unaccounted-for water presently at 11.96 percent, up from 10.78 percent last year.

Commissioner Rediske asked if the District reported its numbers to Department of Health. Yes, indeed; all in keeping and in compliance with the Water Use Efficiency Rule. The District will continue to work on this area and keep the Board informed as the District continues its leak detection efforts this year and looks for other areas where water used is not being accounted for.

General Manager 2017 Salary Adjustment and Increase—

The Board met with District Payroll Officer and Secretary to the Board, C. Butler as it pertained to determining the General Manager's salary level for 2017 and the merit increase percentage. After discussion, the Board directed Ms. Butler to implement a merit increase of 2 percent and a salary adjustment of \$590/month.

With no additional business to address, President Ghilarducci adjourned the meeting at 4:55 p.m.

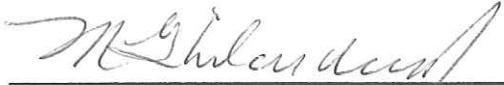
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**LAKWOOD WATER DISTRICT
BOARD OF COMMISSIONERS**

BY:



ITS PRESIDENT

BY:



ITS VICE PRESIDENT

BY:



ITS SECRETARY

ATTEST:



DISTRICT SECRETARY