

**LAKWOOD WATER DISTRICT
BOARD OF COMMISSIONERS
Minutes of Regular Meeting
Thursday, February 18, 2016**

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; District Secretary C. Butler; and Secretary T. MacDougall.

PUBLIC COMMENT:

No members of the public were present.

APPROVAL OF MEETING MINUTES:

Commissioner Rediske moved to approve the minutes of the January 21, 2016 Regular Meeting. Commissioner Ghilarducci seconded the motion, as Commissioner Korsmo was not in attendance at the January 21 meeting, and the motion was passed by a unanimous vote.

FINANCIAL INFORMATION:

The Finance Director presented the December 2015 and January 2016 financials to the Board.

Disbursements made from the General Ledger Fund for check number 34809 through 34920 totaling \$454,190.29, salary direct deposits totaling \$147,533.81, payroll taxes totaling \$55,969.27, and electronic payments totaling \$81,503.63, for a grand total of \$739,197.00 were presented to the Board for approval. After review, Commissioner Rediske moved to approve the payables as listed. Commissioner Korsmo seconded the motion, and it was passed by a unanimous vote.

Commissioner Korsmo asked what the cash balance was at year-end 2015. The Finance Director did not have that number readily accessible but said he would get it to Commissioner Korsmo. For record's sake, that number was \$3,937,807.51.

Commissioner Korsmo also requested the District staff track the capital project expenses against the Budget and present that information monthly in the financial reporting to the Board, thus tracking the District's overall budget to its cash position. This will enable the Board to see more detailed accounting regarding the amount budgeted for a project versus spent on a project and where savings on projects could be allocated/spent on other needs/projects of the District. The Finance Director will comprise a spreadsheet detailing this information and present the first edition in the March meeting pre-agenda documents/information.

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BOARD ADOPTION OF RESOLUTION NO. B-1429:

Resolution No. B-1429, addressing changes to the District's Miscellaneous Charges, was presented to the Board for adoption. The changes included revised fee amounts and/or new fees for services previously free of charge. A draft of this resolution along with a spreadsheet detailing the changes and charges had been distributed to the Board at the January 21 meeting. The General Manager reviewed the list of services, fees, and proposed changes with the Board in detail. After much discussion, the Board agreed to all the changes except for the Dispatch/Disconnect Fee. Staff had proposed raising it from \$40 to \$50, but the Board wanted it to remain at \$40. Therefore, Commissioner Rediske moved to adopt Resolution No. B-1429, approving all listed proposed changes except as it pertained to the Dispatch/Disconnect fee, leaving it at \$40. Commissioner Korsmo seconded the motion, and it was passed by a unanimous vote.

BOARD ADOPTION OF RESOLUTION NO. B-1430:

This was a housekeeping issue. When Resolution No. B-1427 was recently adopted regarding the District's delinquent policies, it included the dispatch/disconnect fee of \$40. District staff realized if Resolution No. B-1429 were adopted with the proposed dispatch/disconnect fee going to \$50, there would be a conflict between the resolutions. To avoid this and any future possible conflict, the District revised the resolution to address the policy/practice measures only and capture the fee amounts in the District's Delinquent Processes Policy, attached as Exhibit A and subject to future change/revision via Board motion. Commissioner Rediske moved to adopt Resolution No. B-1430, repealing Resolution No. B-1427. Commissioner Korsmo seconded the motion, and it was passed by a unanimous vote.

BOARD ADOPTION OF RESOLUTION NO. B-1431:

This also was a housekeeping issue, formalizing the District's practices regarding Fixed Assets, capturing the detail in the District's Fixed Assets Policy attached as Exhibit A. This was a recommended Audit Exit item at the conclusion of last year's 2014 Audit by the State Auditor's Office. Commissioner Rediske moved to adopt Resolution No. B-1431. Commissioner Korsmo seconded the motion, and it was passed by a unanimous vote.

BOARD AWARD OF AMERICAN LAKE GARDENS TANK INTERIOR PAINTING:

This project had previously gone out to bid under the District's Small Works Roster, but all the bids came in over the \$350K maximum. Based on previous experience, District staff estimated the project would come in near \$335K, but it didn't. Therefore, the District was bound to put the project out to public bid, which it did on January 22, 2016, with a walk-thru on February 2, and the bid opening at 2 p.m. on February 16.

Eight bids were received. Low bidder J&L Company Northeast Inc. of Veradale, Washington came in at \$258,655.51; second-lowest bidder Long Painting of Kent, Washington came in at \$357,409.80; and third-lowest bidder Western Partitions, Inc. of Tigard, Oregon came in at \$369,129.82.

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District Project Manager D. Hall was concerned at the low-dollar bid by J&L, noticing they did not include bid prices for two optional items—Mill Scale and welding; however, J&L stated they would stand by their bid and explained why they felt it unnecessary to include prices for these two optional line items. J&L has scaffolding designed to go inside a tank, so there would be no need for welding. Additionally, Mr. Hall received reports from fellow Regional Water Cooperative members Firgrove Mutual Water Co., Mt. View-Edgewood Water Co., Summit Water & Supply Co., and Parkland Light & Water siting exemplary work done for them by J&L. There were no litigation issues, as checked and determined by legal counsel A. Tramountanas of Short, Cressman & Burgess.

The General Manager recommended the Board award the project to J&L Company Northeast Inc. Commissioner Rediske so moved, Commissioner Korsmo seconded the motion, and it was passed by a unanimous vote.

BOARD APPROVAL OF 2015 WRITE-OFFS:

The State Auditor's Office requires Board approval of all write-offs annually. Write-offs in the amount of \$41,216.57 for 2015 were presented to the Board for approval. These write-offs were in six categories: Miscellaneous Accounts Receivable (\$108.46), Small Balances (\$15.89), Collections (\$452.68), Leak Adjustments (\$7,891.41), Meter Leak Adjustments (\$18,223.66), and Miscellaneous Adjustments (\$14,524.47).

The Meter Leak Adjustments were especially high this year due to the AMI Meter Replacement Program. An abundant amount of these meters developed leaks due to faulty gaskets and poor installation by the contractor. These adjustments were all examined and approved by the Superintendent. The General Manager recommended the Board approve the write-offs as presented. Commissioner Rediske moved to approve the 2015 write-offs as presented, 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. In response to a request from Commissioner Rediske regarding dating project status updates on his report, the Superintendent related he took out the old project information and included only new project information in this report and will date the information moving forward.

The Superintendent briefed the Board on a few other areas. Contractors are almost finished with the Seattle Avenue Project; however, they will need to come back once the water table lowers to bring it to full completion. The Thorne Lane Project design is moving forward, and Pumping Department Head, D. Hall is working on the Seismic Upgrades Project. The City of Lakewood put the I-5 from Bridgeport Way to McChord Gate Project out to bid last month. The City rejected the low bid from Pape & Sons because they did not meet the Disadvantaged Business Enterprise (DBE) requirements. The City ultimately awarded the project to second low bidder, Johansen Excavating after waiting the appropriate number of days to afford Pape the opportunity to go

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through the City's appeal process if they so chose. The Invitation to Bid on the South Tacoma Way Project will be advertised March 1, 2016 with a bid date of March 22.

Commissioner Rediske asked if the Walker Ridge Project was completed. Besides replacing a couple meters and box lids, the project had been completed, under budget and on time. The developer paid high compliments to the District staff who worked on this project. A Temporary Service Agreement situation is pending regarding one of the 41 services installed. Legal counsel J. Milne is assisting the District in this matter.

FINANCE DIRECTOR/OFFICE SUPERVISOR'S REPORT:

The Finance Director/Office Supervisor had nothing new to report; however, he wanted to thank the Board for taking care of the financial business during today's meeting which will meet the State Auditor's recommendation/request made at the 2014 Audit Exit Conference.

OTHER BUSINES:

Board Acknowledgement of Employee Wage Increases—the Board acknowledged wage increases for employees S. Bosma and D. Young.

Update on Cross Connection Control Interlocal Agreement with City of Lakewood—the General Manager hopes to bring this to the Board at the March meeting, once the City Council approves it on their end. There was additional delay in the process due to a misunderstanding on the City's part, but that has now been clarified, and the process is once again moving forward.

City Permit Fees Doubled and/or Significantly Increased to LWD without Notice—Recently, staff called the City looking for ordered (and paid-for) permits and were told the District had not fully paid for the permits. That is how the District found out the City had significantly increased their permit fees to the District and in many cases doubled them. When asked why the City did not provide any notice of any kind to the District, the response given was, "We're too busy." This increase will skew the District's project budget in that a permit for a \$1M project will now be \$10K versus \$1700-1800.

Ponders Well Site Funding Update—the General Manager reported the District is receiving a good amount of support in this matter from its legislators as well as the District's wholesale customer partners. Letters of support were sent to the District's legislators in both the House and the Senate by the Town of Steilacoom, Summit Water & Supply Co., Spanaway Water Company, and Rainier View Water Company. Senators O'Ban and Honeyford and Representatives Muri, Kirby, Conway, and Kilduff have all been very receptive and supportive. Senator O'Ban made this his #1 item of importance on his budget list.

Senator Honeyford, also very supportive, provided the District with a number of questions, one of which was what it would cost to buy water from Tacoma versus replacing the system at Ponders. Tacoma Water's System Development Charge for

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each million gallons per day (mgs) is \$3.17M. A long-term wholesale capacity of 3mgd would be a one-time System Development Charge of \$9.5M. It will cost \$2.5M to replace the equipment at Ponders.

Possible Reschedule for the April BOC Meeting—the General Manager suggested the Board may want to reschedule the April 21 Board meeting, as Commissioner Rediske will be unable to attend. The Board determined to move the April meeting to the 28th, same time, same station.

Best-tasting Water Contest—the General Manager invited the Commissioners to this year's Best-tasting Water Contest, sponsored annually by the South Sound Subsection of the PNWS-AWWA (Pacific Northwest Section/American Water Works Association). This year, a Meter Madness Contest will be included in the festivities. The event will be held at Parametrix in Puyallup. Complimentary dinner and drinks will be served.

Wholesale Partner Meeting February 24—the General Manager notified the Board of a meeting of the District and its wholesale partners to occur February 24. The District's wholesale water supply available for sale could increase to 7mgd. Firgrove Mutual Water Company and Fruitland Mutual Water Company are both expressing interest in purchasing wholesale water from the District.

With no additional business to address, President Ghilarducci adjourned the meeting at 4:57 p.m.

**LAKWOOD WATER DISTRICT
BOARD OF COMMISSIONERS**

BY:


ITS PRESIDENT

BY:


ITS VICE PRESIDENT

BY:


ITS SECRETARY

ATTEST:


DISTRICT SECRETARY