

**LAKESIDE WATER DISTRICT
BOARD OF COMMISSIONERS
Minutes of Regular Meeting
Thursday, March 19, 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 February 19, 2015 Regular Meeting. Commissioner Korsmo seconded the motion, and it was passed by a unanimous vote.

FINANCIAL INFORMATION:

The Finance Director presented the February financials to the Board.

Disbursements made from the General Ledger Fund for check number 33404 through 33519 totaling \$1,662,934.76, salary direct deposits totaling \$143,491.53, payroll taxes totaling \$53,747.17, and electronic payments totaling \$27,234.72, for a grand total of \$1,887,408.18 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 CONDITIONAL ACCEPTANCE OF COMPLETION OF SOUND TRANSIT RAIL TRACK RELOCATION PROJECT PHASE 3—PT. DEFIANCE BYPASS:

Pape & Sons recently completed the work on this project, and the District was very pleased with the outcome. Conditional approval by the Board notifies the State that the District is satisfied with the work but will hold the contractor's retainage monies until the District receives approval of the contractor's intent to pay prevailing wage and other items necessary for approval of the public works contract with the State and various agencies. The General Manager and Superintendent recommended the Board approve the conditional acceptance of this project. Commissioner Rediske so moved, Commissioner Korsmo seconded the motion, and it was passed by a unanimous vote.

BOARD CONDITIONAL ACCEPTANCE OF COMPLETION OF WISTERIA R&R PROJECT:

Waunch Construction & Trucking satisfactorily completed the installation of the 20-inch replacement water main off South Tacoma Way and 112th Street near the McCord runway. Again, this acceptance of the completion of the project by the Board would be conditional in regards to WC&T completing the necessary paperwork for prevailing wage and other requirements in order to comply with the public works bidding

Board of Commissioners' Regular Meeting Minutes

March 19, 2015

Page 2

process. The General Manager and Superintendent recommended the Board approve the conditional acceptance of this project. Commissioner Rediske so moved, Commissioner Korsmo seconded the motion, and it was passed by a unanimous vote.

BOARD ADOPTION OF RESOLUTION NO. B-1422, UPDATED REGION 5 HAZARD MITIGATION PLAN:

The General Manager presented Resolution No. B-1422 to the Board for approval. This resolution adopts the District's portion of the updated Region 5 Hazard Mitigation Plan compiled by Pierce County Department of Emergency Management. This plan qualifies the District to be eligible for FEMA (Federal Emergency Management Act) grants and is simply an update from the plan adopted by the Board in 2008 via Resolution No. B-1390. Resolution No. B-1422 rescinds and repeals B-1390. Commissioner Rediske moved to adopt the updated Region 5 Hazard Mitigation Plan. Commissioner Korsmo seconded the motion, and it was passed by a unanimous vote.

PONDERS WELL SITE UPDATE:

The General Manager updated the Board on the replacement/upgrade of the stripping towers at this site, initiated 30 years ago to remove two chemicals used by Plaza Cleaners from the District's water. This clean-up was supposed to be completed in 15-20 years. One chemical has been successfully removed; the other is still present, and now experts state it may take 50-100 years to remove.

As mentioned at the January 15, 2015 Commissioners' meeting, the District is receiving a grant from Department of Ecology (DOE) in the amount of \$85K to help pay for the engineering analysis/study to be done to determine the course of action in replacing the aged and failing facility. The District is required to match 10 percent, or \$8,500. The District also received word from the State Department of Health (DOH) that it will receive an additional \$35K from DOH. The General Manager stated that while the RFP does not require cost estimates, he felt this \$128,500 should be more than adequate to cover the cost of the study, but it may be higher. The District is going to check to see if the money already spent by the District on the pre-meetings on this project would qualify as part of the \$8,500.

An RFP was issued to three qualified engineering firms—Kennedy Jenks; Murray, Smith & Associates, and RH2 Engineering. The RFP included three options in course of action—1) continue the same treatment and replace equipment or evaluate an alternate treatment process to determine a more effective and less expensive treatment that would yield the same results; 2) drill the present wells to deeper levels to bypass the contamination; or 3) drill new wells at a different site. The RFP was compiled by the District's Project Manager, Gene Peterson of Peterson Resources, formerly of CH2M Hill. All three firms submitted an RFP, and the General Manager stated he would make a selection the next day or following Monday. The analysis will need to be completed by June 30, 2015 according to DOE requirements associated with the grant, and all three firms committed to being able to complete the work within that timeframe. The General Manager stated DOE will need to go to the legislature or otherwise come up with the funds to fix/replace this site. Originally, the treatment at the facility was paid for by the Environmental Protection Agency (EPA) as a Superfund site. The District has

Board of Commissioners' Regular Meeting Minutes

March 19, 2015

Page 3

been working with the EPA and the Department of Ecology (DOE) to find a funding source to replace the worn-out treatment facility. What complicates this issue is that the EPA and DOE made an agreement several years ago where DOE took over the responsibility of the treatment side of the facility. However, due to the point that the contamination is still present within and around the area of the former Plaza Cleaners, DOE contends the EPA is still involved.

SUPERINTENDENT'S REPORT:

The Superintendent's Report was provided to the Board in its entirety in the pre-agenda packets.

The Superintendent provided an update on the Meter Replacement Program with completion expected by mid-April. At the time of this report, 17 meters were left to be installed. The installation of these last meters required additional work and would be completed by District staff. Contractors Ferguson and Apex concluded their work last week except for a punch list of final details to be completed. There is also a one-year warranty on workmanship and materials to be covered by Ferguson.

The District is now able to use the two-way communication of the new AMI system. The Customer Service Portal will be available soon. District staff are going to each meter to inspect the installation and put wood chips in the meter box to provide insulation in colder temperatures. At the time of this report, 140 yards of wood chips had been obtained by the District free for the taking, part from developers shredding trees and part from Asplund, a local tree-trimming company.

The Steilacoom Boulevard Project commenced March 18. The District is partnering with the City of Lakewood on this project, and the City had already placed additional paving requirements on the District beyond the parameters of the permitting process and the contract, at \$60K-100K. The District had proposed a T-patch, because the City was scheduled to come in behind the District and grind and overlay this area. This was fine with the City all through the permitting process, but now the City wanted the District to grind out six inches of perfectly good mix and put in six inches of new mix...only for the City to come right behind the District and grind it out again and overlay it. The Superintendent will endeavor to reason with the City Transportation Division Manager issuing the increased demand; if that is not successful, it was discussed that the General Manager and Commissioner Korsmo would ask to meet with City Manager J. Caulfield regarding this matter.

The Commissioners asked if the District had received any additional word from one of the property owners affected by the I-5 Crossing at Seattle Avenue Project as discussed in Executive Session during the February 19 Commissioners' meeting. No additional word had been received.

There were last-minute additional monitoring costs on the Sound Transit Project, as the contractor had to move the bore pits and extend the casing and bore length. The project remains within budget.

Board of Commissioners' Regular Meeting Minutes

March 19, 2015

Page 4

FINANCE DIRECTOR'S/OFFICE SUPERVISOR'S REPORT:

The Finance Director reported the State Auditor's Office had conducted the PERS audit as had been reported at the February 19 Commissioners' meeting. This audit was required due to new GASB (Governmental Accounting Standards Board) 68 regulations regarding reporting for pensions. The District fared very well in the audit and was reported to have "set the bar" for future audits.

The first bills to reflect the 2015 rate increase went out in early March. The Office Supervisor reported there had been no negative calls or comments from customers.

The District's Customer Assistance Program (CAP), as presented to the Board at the October 30 meeting and approved and adopted at the November 20 meeting via Resolution No. B-1420, will officially launch May 1. District bills will include a space to accommodate contributions from customers, and District staff is working with District software provider HMS/emGov Power to make it possible for customers to also make contributions through the on-line bill-pay feature on the District's website. District staff and HMS are also working on making the bill-pay feature on the website more convenient and user-friendly.

OTHER BUSINESS:

LWD Unaccounted-for Water—Commissioner Korsmo asked how the District's leak detection/repair was progressing. The Superintendent reported the District's unaccounted-for water dropped 1.5 percent last year to 11.5 percent; it had been up to 16 percent in 2013. All large meters (with the potential for greater leaks) have been replaced in the system. The District will now be able to receive daily reports of water sold and water pumped through the new SCADA system.

Conferences—WASWD in Yakima 4/15-17; PNWS in Bellevue 4/29-5/1—The General Manager asked if the Board had any interest in attending the Washington Association of Sewer & Water District's spring conference in Yakima April 15-17 and/or the Pacific Northwest Section-American Water Works Association annual conference in Bellevue April 29-May 1. The Commissioners will check their schedules and inform the General Manager if they wish to attend. The General Manager specifically invited the Board to attend the banquet at the close of the PNWS Conference on May 1, as he will be sworn in as Chair of the Section for the 2015-2016 year. Because the PNWS conference is so close and because of this special recognition, a number of the staff will be attending the conference or going to the banquet. The District will be paying the \$50 banquet cost for employees only; employees will be paying for any spouses or guests.

List of Technology Used and Savings—The Office Supervisor presented a summary of annual cost savings in the office due to use of technology at 978 hours and \$41,120. A summary of cost savings from field operations will be presented at the April Commissioners' meeting.

One of the areas listed on the summary was the savings in customers being able to make credit card payments via a direct phone line, the District's website, and the IVR (Interactive Voice Response). As reported earlier in the meeting, the District has been

Board of Commissioners' Regular Meeting Minutes

March 19, 2015

Page 5

looking at making the online bill-pay process more convenient and expedient by way of storing customer information so that they do not have to enter it manually each time they pay their bill. However, the District is PCI (Payment Card Industry) compliant, and those standards recommend that small organizations should stay away from storing credit card information. The District will be checking with Key Bank on this matter.

Water Rights (additional work by Tom Pors)—the District's Abitibi water rights approved in 2005 had a development schedule for use. Because of various reasons, none bigger than the great recession, it has taken longer for the District's wholesale partners to use the water. Because of the current timeline for development of the water rights, an amended plan for use of the water rights will need DOE approval. The General Manager has authorized District water rights legal counsel Tom Pors to generate an amendment to the development schedule so as to not put those water rights in jeopardy. Mr. Pors will present the amendment to the District for review before submitting to DOE. The cost of this work will be approximately \$2400. This was not a budgeted cost, but there are funds in Research & Development to cover this item.

Fire Hydrants Issue—the General Manager informed the Board of a situation that had come to the District's attention the week prior; namely, that the Fire District had been putting a petroleum-based oil in the bonnets of the District's fire hydrants for lubrication versus mineral oil. The Fire District tests and performs the maintenance on the District's hydrants and has done so for many years. According to Fire Marshall K. Roth, the Fire District has been using petroleum-based oil in the District's hydrants for many years. This practice has been corrected and will not happen again.

The General Manager expediently notified the State Department of Health of the situation and ordered water samples to be taken from all 28 sample stations to test for petroleum-based oil (results to be received Monday, March 23). DOH commended the District for its quick response to the matter but stated this was not an emergent situation. DOH further recommended testing 10-15 percent of the District's hydrants that would have been subject to the addition of petroleum-based oil to assess the extent of the use of that oil and determine the level of corrective action needed. This equaled approximately 170 hydrants to be tested. All hydrants come from the manufacturer (Mueller) with mineral oil in the bonnet, so the only time petroleum-based oil would have been added was during the course of maintenance where the reserve was low, so there would be a dilution factor. DOH suggested the use of a Photo Integration Detector (PID) to test for the petroleum-based oil in the hydrants.

Fortunately, there would have to be "perfect storm" of a number of different factors occurring all at the same time for the oil to enter the water supply. And even in such a "perfect storm," with the volume of water involved, the State Department of Health said it would be like putting one drop of oil into two Olympic-sized swimming pools.

The Fire District will share in the manpower and cost of testing the hydrants. They suggested a different device with which to test the hydrants, stating they thought it would be more effective than the PID. If needed, a manual color test can be performed

Board of Commissioners' Regular Meeting Minutes

March 19, 2015

Page 6

using white pipe cleaners. The projected cost for the hydrant testing is \$152.52 per hydrant. There is no budget for this testing, but there is also no question it must be done.

The General Manager distributed to the Board a memo generated by District consultant engineer C. Gibson, summarizing the events surrounding this issue. Also distributed were statements issued by the Public Information offices of both the Fire District and DOH to address the matter and assist the District in responding to public concern if any arose.

The Board was of the opinion to test all the District's hydrants, not just 170. Initial testing had already begun, and the remainder would be scheduled with the Fire District and performed in the days ahead. The General Manager will keep the Board apprised of the situation.

April Commissioner Meeting—Due to the General Manager and Superintendent attending the WASWD Conference and the Finance Director/Office Supervisor being on vacation the week of April 13, the Board was asked if the April 16 meeting could be rescheduled as a Special Meeting on April 23 at 3:30 p.m. The Board concurred.

With no additional business to address, President Ghilarducci adjourned the meeting at 5:19 p.m.

**LAKWOOD WATER DISTRICT
BOARD OF COMMISSIONERS**

BY:



ITS PRESIDENT

BY:



ITS VICE PRESIDENT

BY:



ITS SECRETARY

ATTEST:



DISTRICT SECRETARY