

**LAKWOOD WATER DISTRICT  
BOARD OF COMMISSIONERS  
Minutes of Regular Meeting  
Thursday, April 17, 2014**

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 Secretary T. MacDougall.

**PUBLIC COMMENT:**

No members of the public were present.

**APPROVAL OF MEETING MINUTES:**

Commissioner Korsmo moved to approve the minutes of the March 20 Regular Meeting. Commissioner Rediske seconded the motion, and it was passed by a unanimous vote.

**FINANCIAL INFORMATION:**

The Finance Director presented the March financials to the Board.

Disbursements made from the General Ledger Fund for check number 31998 through 32114 totaling \$259,637.17 salary direct deposits totaling \$117,855.17 payroll taxes totaling \$44,697.41 and electronic payments totaling \$22,530.42 for a grand total of \$444,720.17 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 LAKEHOLME ROAD SW WATER MAIN R&R PROJECT:**

Nine bids were received for this project at the bid opening on April 16, 2014. The three low bidders were Pape & Sons Construction, Inc. out of Gig Harbor, Washington at \$356,048.21; Iversen and Sons out of Tumwater, Washington at \$370,301.36; and Scotty's General Construction, Inc. out of Auburn, Washington at \$374,391.96. In addition, this bid was nonresponsive because of failure to submit all necessary documents at the bid opening. The Engineer's Estimate was \$373,417.21 including tax. The General Manager recommended the Board award the project to Pape & Sons as the low, responsible bidder, as well as a trusted and proven contractor for the District. Commissioner Rediske moved to award the project to Pape & Sons Construction, Inc. Commissioner Korsmo seconded the motion, and it was passed by a unanimous vote.

**BOARD AWARD OF AMI METER REPLACEMENT PROJECT CONTRACT WITH SENSUS:**

The General Manager reported the AMI contract had been reviewed by Superintendent, I. Black and legal counsel, B. Linton with Inslee Best. Both reported this contract meets the District's specifications as well as the Request for Proposal. Only three issues remain: 1) the 5 percent bond and prevailing wage attachment was missing; 2) a more detailed schedule has been requested; and 3) intent to pay prevailing wage was missing. There is a 15-year warranty on all meters with a proration period of five years after that. The

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General Manager recommended the Board approve the contract with Sensus once these few issues have been resolved. Commissioner Rediske moved to approve the contract with Sensus. Commissioner Korsmo seconded the motion, and it was passed by a unanimous vote.

**BOARD ADOPTION OF RESOLUTION NO. B-1416, PUBLIC WORKS TRUST FUND APPLICATION:**

The Public Works Trust Fund (PWTF) currently has funds available; however, there are no guarantees those funds will still be there when the legislature goes through its next session. The General Manager stated he was encouraged to reapply by the State Commerce Department for the \$3.8M the District was turned down for last year; those funds could potentially be received in 2015/2016. The District still sees the PWTF as a viable opportunity to reduce costs to its rate-payers because of the low interest rates. The General Manager recommended the Board adopt this resolution as part of the District's process in applying for the \$3.8M PWTF loan to potentially be received in 2015/2016. Commissioner Rediske moved to approve Resolution No. B-1416. Commissioner Korsmo seconded the motion, and it was passed by a unanimous vote.

**PONDERS WELL SITE TREATMENT STRATEGIC PLANNING UPDATE:**

This water treatment facility was built in 1984 in order for remediation of Plaza Cleaners that was there prior to sewers being installed. Plaza Cleaners was doing industrial laundry services and, because of that, they were discharging a lot of very harsh chemicals into the ground by way of the septic system. Those chemicals eventually migrated down into the aquifer where Wells H-1 and H-2 pull out drinking water for the District.

The EPA paid for the treatment facility through a federal Superfund. At the time, it was anticipated the plant would only be needed for 5-10 years. Now, 30 years later, one of the chemicals originally found in the drinking water had been removed, but two others still remain. The last EPA environmental report, done two years ago, indicated it may now be 100 years before the site is cleaned up. In that report, it did not include treatment options or the condition of the treatment facility to this day. The General Manager spoke with Water Treatment/Quality Department Head, D. Hall, about concerns over the age of the site and how to get it replaced. D. Hall said he's been concerned for the last two years that the site will begin to decay and significant repairs will be needed, not to mention there will be needed replacement of some of the very large and expensive main treatment processes and equipment within the next five years. Because of this, the General Manager asked the Board to begin the process to meet and engage the applicable parties—the EPA and the Washington Department of Ecology—to discuss the report plus lay out the groundwork for the replacement of the well treatment facility.

The District brought the original designer of the treatment facility, CHM2Hill Engineers, on board to help with the facilitation of the meeting and knowing where and how we can get to some answers regarding funding.

The EPA will proceed with its recommendation of doing a delineation of the capture zone to determine if it is reduced from where it was originally or not. They will be taking a look at potentially reducing or increasing the number of monitoring wells, as it was suggested it might need to be reevaluated where the chemicals are or where they are not. There was

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also good discussion about replacing the facility, recognizing the District can't wait more than five years. Based on the report from D. Hall, the General Manager doesn't believe the District can go beyond another five years without some type of plan for the replacement of the plant. The General Manager very heavily emphasized the need to replace the site within the next five years and that the District rate-payers shouldn't have to pay for that replacement. He further suggested, that 30 years into a projected 5-year plant, perhaps the present form of treatment may not be the most applicable treatment for the chemicals, that maybe it could be done in a different fashion, maybe less expensive. For the last 30 years, the District has been paying an average of \$12,000 a year to operate the treatment plant. District rate-payers have put in a fair share of the cost to operate that site when, according to the report, it should have only been needed for 5-10 years.

An update meeting will be held in June in regards to this. CHM2Hill will be invited to attend to provide more of an update. Hopefully, this will provide better ideas as to how and when the components of the facilities can be replaced. The General Manager emphasized to the Board that he did not believe the District should have to burden its rate-payers with the cost of any of the replacement of the infrastructure for this treatment facility.

**BOARD ACKNOWLEDGEMENT OF D. LOGAN AS DISTRICT TREASURER:**

Because the District switched to Key Bank for banking services, the General Manager asked the Board to officially acknowledge D. Logan as the District's Treasurer. Mr. Logan has been the Treasurer of the District since he joined the District in 2000, as included in his job description. Commissioner Korsmo moved to officially acknowledge D. Logan as the District's Treasurer. Commissioner Rediske seconded the motion, and it was passed by a unanimous vote.

**Disconnect Procedures**—After the above agenda item was discussed, Commissioner Rediske asked about the District's disconnect process and the timing for late notices and disconnection. Assistant Office Supervisor, T. MacDougall, explained the process and timing of the late notices as well as the timing for disconnection.

**SUPERINTENDENT'S REPORT:**

The Superintendent's Report was provided to the Board in its entirety in the pre-agenda packets. In addition to that report, the Superintendent reported the number of service installations had increased for the year; flushing was going well with very few issues or complaints; one last attempt will be taken to try come to come to a resolution with Nordic Construction on April 21; Sylvan Park is under design and plan to bid this project out in May; Phase 2 of the SCADA upgrade is almost complete; and meter box clean-outs were moving along well and the temporary employees were doing a great job.

Commissioner Korsmo asked at this time about the lake and stream monitoring. It was explained that the United States Geological Survey study is near the end of its cycle, and the District is not showing any negative effects between the pumping and stream and lake levels.

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The Superintendent went on to report he was pleased with the GIS installation and had found a company who specializes in GIS who can populate the program instead of the District manually inputting the information. This gives a savings to the District of approximately \$250K.

Commissioner Korsmo asked what would happen with the old meters after the meter change-out program is complete. These will be recycled or sold through surplus after approval of a resolution, as they are Lakewood Water District property.

**OFFICE SUPERVISOR'S REPORT:**

The Office Supervisor reported the new billing and rate charges were in place and going fairly well. He explained the number of calls from our customers concerning the increase were about the same as reported in the previous meeting.

The IT Technician the District hired approximately six months ago, T. Stinson, has taken advantage of an opportunity of employment with the Department of Defense which will allow him to move around with his wife who is employed with the military. He has done a tremendous job for the District. He helped conduct meet and greet interviews to help replace his position. He is also willing to help out the District on a contractual basis once he is gone.

The District opened a bank account with Key Bank, and the bond proceeds will be placed in the checking account. The checking account earns an implied interest rate of 0.20 percent that is used in the bank analysis to offset the monthly bank fees.

On April 15, 2014, the District invested \$454,227.75 into the Federal National Mortgage Association Investment Instrument as part of the bond reserve fund. This instrument matures on July 17, 2017.

**OTHER BUSINESS:**

**Board Acknowledgement of Employee Wage Increases**—The Board acknowledged wage increases for employees S. Jorgensen, J. Lea, S. Skipworth, and Z. Smith.

**Swapping Page 10 of Resolution No. B-1415 to Correct Date**—The Board acknowledged the replacement of page 10 with a new revised page 10 reflecting the correct date in Bond Sale Resolution No. B-1415.

**Request to Move May Commissioner Meeting**—Due to the Sylvan Park Project schedule layout, and trying to obtain approval for the lowest bidder this month, the General Manager requested to change the May Commissioner meeting from May 15 to May 29. Commissioners Ghilarducci and Rediske will be in attendance but Commissioner Korsmo will not be available.

**Meter Box Maintenance Charge to Customers**—Commissioner Korsmo questioned how the District charges for meter box maintenance to customers. It was explained that in some cases there are charges to the customers for certain work such as raising/lowering meter boxes due to landscaping or customers building over top of the meter itself. There

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is not currently a policy or Resolution for this, however. District legal counsel, J. Milne, stated that without a Resolution for this, it would be hard to pursue these charges legally if they were ever disputed and recommended the District establish a Resolution. Currently, if the meter is inaccessible to technicians, the District sends trim request letters to its customers asking the customer to trim their landscaping around the meter box to make it more accessible to the technicians. A resolution will be presented to the Board at the May meeting.

**Publicly Disclosed Information:** The General Manager updated the Board on a meeting he attended regarding public disclosure laws and incidences. The attorney who spoke at the conference had represented parties that had been inundated with requests/requirements (and associated huge costs) to provide public documents, mainly general purpose governments and governments such as cities and counties. From the information provided, it is becoming increasingly more and more common for these types of huge costs to be borne by those required to provide public documents. The General Manager recommended to start sending documents and information through District laptop computers only or directly via telephone. He will do more research and bring this topic to the May meeting.

With no additional business to address, President Ghilarducci adjourned the meeting at 5:05 p.m.

**LAKEWOOD WATER DISTRICT  
BOARD OF COMMISSIONERS**

**BY:**

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**ITS PRESIDENT**

**BY:**

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**ITS SECRETARY**

**BY:**

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**ITS VICE PRESIDENT**

**ATTEST:**

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**DISTRICT SECRETARY**