

**LAKWOOD WATER DISTRICT  
BOARD OF COMMISSIONERS  
Minutes of Special Meeting  
Thursday, April 23, 2015**

The Special 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., 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 March 19, 2015 Regular Meeting. Commissioner Korsmo 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 33520 through 33670 totaling \$1,610,397.54, payroll taxes totaling \$51,565.95, salary direct deposits totaling \$137,358.55, and electronic payments totaling \$10,786.14, for a grand total of \$1,810,108.18 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.

**STEILACOOM BOULEVARD WATER MAIN REPLACEMENT PROJECT PAVING  
ISSUE UPDATE:**

The General Manager thanked Commissioner Korsmo for his efforts in talking with City officials about this issue in regards to the change from the City, now requiring the District to replace the driving lane instead of constructing a T-patch as it was permitted. The City also claimed the District's T-patch would be in the wheel path. When Commissioner Korsmo talked with City Manager J. Caulfield, City staff had informed Mr. Caulfield the District deviated from its plan. The Superintendent went out and measured the area himself and found it to be only 12-18 inches off (inconsequential). The General Manager called Mr. Caulfield to discuss the matter but was unable to reach him. He then called the Public Works Director and asked for a meeting.

The General Manager, Superintendent, and the project engineer from RH2 Engineers met with the City Public Works Director April 14 to discuss an alternative solution to the City's concern about the District's paving patch being in the wheel travel path. District

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staff left the meeting with the understanding they had reached a mutually agreed-upon alternative, offering to grind an additional foot on either side of the current patch down 2-3 inches. This would put the District's patch outside the wheel travel lane. This alternative would save the District approximately \$45K-\$50K from the original \$100K-\$125K it could have cost to perform the extra, unexpected, and last-minute paving requirements from the City. At the time the City permitted this project, its project engineer told the District it would only need to supply a T-patch, as the City would be coming behind this project with a 2-inch layover in the near future.

Moving forward with the alternative, the contractor proceeded to lay 650 tons of base rock in the trench. The day after the meeting with the City, the District received word from their Public Works Director that the City was going to require the District to go a full eight feet wide and do a full 10-inch grind in that width. That meant the District would have to pay the contractor to remove the base rock it had just laid, haul it away (waste it), and bring in an additional 750 tons of base rock and the additional 2 foot of paving. The District's cost for these required changes by the City is estimated at \$100-115K. The City received grant money for their part of this project, having to match only 10 percent; however, 100 percent of the District's costs will come directly from the rate-payers both entities serve.

The Superintendent reported if all joint projects with the City were going to come in at this 17+ percent increase over budget, the District's 50-year R&R Program will cost approximately \$30-40M more than planned. It was further reported other utilities are having the same challenges with City projects.

In discussing options for moving ahead, Commissioner Korsmo suggested he, the General Manager, and Superintendent meet with Mr. Caulfield and pertinent staff to forge a resolution, stating the District needs to know what to expect so it can budget for it. The remainder of the Board concurred. The General Manager will contact Mr. Caulfield to schedule a meeting at the earliest opportunity for all parties.

### **LEGISLATIVE UPDATE:**

The General Manager reported three bills had passed important to the water industry—Senate Bill 5238, Senate House Bill 1410, and Engrossed Substitute Senate Bill 5048. SB5238 requires cities, towns, and counties to coordinate development and projects including water with water utilities. This bill was signed by the Governor April 14. SHB1410 increased the project limit for in-house work by water and sewer districts from \$20K to \$50K. This bill was headed to the Governor for signature. ESSB 4058 will allow ratepayers a say when a city proposes to assume all or part of a water-sewer district. Under this bill, assumptions will now be subject to referendum if voters in the area to be assumed file a qualifying petition after a city initiates the assumption process. After years of effort, the bill was on its way to the Governor's desk.

### **PONDERS WELL SITE UPDATE:**

As reported at the March 19 Commissioners' meeting, the District received proposals in response to its RFP (Request for Proposal) from engineering consultants

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Kennedy/Jenks, MSA (Murray, Smith & Associates), and RH2 Engineering to provide the needed analysis work for the Ponders site. The General Manager and District Project Manager G. Peterson evaluated the proposals and agreed Kennedy/Jenks was best suited for this particular project based on depth of experience and staff expertise. Kennedy/Jenks' initial scope of work came in at \$320K. After receiving some direction from the District, Kennedy/Jenks refined their scope of work, and the total cost came in at \$188K. This will leave approximately \$60K to be covered by the District above the \$128,500 provided via grants from Department of Ecology (\$85K) and Department of Health (\$35K), and \$8,500 in 10 percent matching funds from the District on the DOE grant. Later in the meeting, Commissioner Korsmo asked if the \$60K was budgeted; the General Manager responded it was not. As discussed at the 2015 Budget Workshop in October 2014, this analysis, at an estimated cost of \$85K, was unfunded, but the District anticipated receiving grant money from DOH and/or DOE.

**SUPERINTENDENT'S REPORT:**

The Superintendent's Report was provided to the Board in its entirety in the pre-agenda packets. Supplemental to this report, the Superintendent reported the Wisteria and Sound Transit projects had been finalized and completed. The Steilacoom Boulevard R&R Project should come before the Board for acceptance of completion at the May 21 meeting.

The District has been endeavoring to work with Ferguson and Sensus to get the first block of 5000 Customer Service Portal units of the new AMI meter system installed and functional for customer use. Ferguson claims this component was not in the District's quote and not in the contract; however, it was in the District's RFP, and the District had full expectation of having this service included. Sensus claims the District cannot do incremental blocks but would have to provide service for all 17K+ customers at once, at a cost of \$48K per year. The District expected to be able to install this feature in 5000 blocks at \$12K per year according to need/interest/use by District customers. Resolution to this matter is yet to be determined.

**FINANCE DIRECTOR/OFFICE SUPERVISOR'S REPORT:**

The Finance Director reported the District received a clean audit report from the State Auditor's Office in regards to the PERS/DRS (Public Employees' Retirement System/ Department of Retirement Systems) audit performed in February.

The Office Supervisor reported the staff had received no calls since the last meeting in regards to concerns or complaints about the 2015 rate increase, first seen on billings in the month of March. Customers who receive their bill via email (upon request) will now have a hyperlink in the email they can click on to take them to a payment page, thus streamlining the payment process.

The District's CAP (Customer Assistance Program) through LASA will officially begin May 1. Customer contributions can be added to any bill payment, both manually and electronically via the District website. LASA is scheduled to move into their new facilities the first week of May.

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**OTHER BUSINESS:**

**Board Acknowledgement of Employee Wage Increases**—The Board acknowledged 6-month merit increases for employees C. Bullard and E. Schwind and annual wage increases for employees S. Jorgensen, J. Lea, S. Skipworth, and Z. Smith.

**PNWS Conference Banquet Full**—The General Manager regrettably informed the Board the PNWS conference banquet on May 1 had been sold-out.

**Fire District Hydrant Testing**—The General Manager reported 170 District hydrants had been tested for petroleum-based oil with a detector. The Fire District provided the truck and one person, and the District provided one person and the materials. The Fire District's Hazard Materials staff person was on vacation until Monday, so the possible need for additional testing will be determined next week. The District continues to take water samples from each sample station each month to test for the presence of petroleum oil at \$5000/month. The District will continue this practice until the need has been established and the resolution clear. The need may be able to be met via regular maintenance by the Fire District. A number of other water purveyors are in the same situation and testing their hydrants as well.

**Privatization of JBLM Water System**—Commissioner Korsmo asked if the RFP was out for the privatization of the JBLM water system. The General Manager responded the RFP was out and the District had already responded to the base's RFI (Request for Information) with a letter of interest. This letter bears no obligation to the District

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

**LAKWOOD WATER DISTRICT  
BOARD OF COMMISSIONERS**

**BY:**

  
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**ITS PRESIDENT**

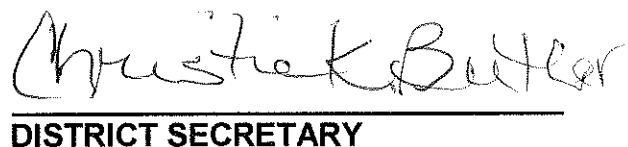
**BY:**

  
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**ITS VICE PRESIDENT**

**BY:**

  
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**ITS SECRETARY**

**ATTEST:**

  
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**DISTRICT SECRETARY**