

**LAKWOOD WATER DISTRICT  
BOARD OF COMMISSIONERS  
Minutes of Regular Meeting  
Thursday, May 18, 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. Mr. G. Barton, a candidate running against Commissioner Korsmo for election as commissioner, joined the meeting during the bond revenue agenda item.

**PUBLIC COMMENT:**

No members of the public were present at this time.

**APPROVAL OF MEETING MINUTES:**

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

**FINANCIAL INFORMATION:**

The Finance Director presented the April financials to the Board.

Disbursements made from the General Ledger Fund for check number 36714 through 36836 totaling \$613,109.95, salary direct deposits totaling \$140,952.39, payroll taxes totaling \$57,436.55, and other electronic payments totaling \$185,988.36, for a grand total of \$997,487.25 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.

**UPDATE RE. DISTRICT REVENUE BONDS:**

The General Manager reported the District was continuing to progress towards the issuance of revenue bonds to help provide funding for R&R and capital projects over the next two years. Earlier in the month, District staff met with financial advisor A. Dashen of Northwest Municipal Advisors, officials of bond underwriters Piper Jaffray, and the District's legal bond counsel Mark Greenough to update and review the bond resolution as well as the official bond statement and information from the District.

The General Manager recommended the regularly scheduled Commissioner meeting of June 15 be tentatively reset as a special meeting date on June 29, at which time the District's bond rating would be shared with the Board, and the staff would seek the Board's approval to authorize Piper Jaffray to sell the revenue bonds. The revenue

**Board of Commissioners' Regular Meeting Minutes**

**May 18, 2017**

**Page 2**

bonds are tentatively scheduled to be sold the week of July 10. Ideally, and if possible, the District would like to go to the bond market before July 4. Should the necessary components come into formation in time to make it possible to go to the bond market before July 4, the General Manager would ask to the Board to meet sometime the week of June 19. Commissioner Rediske announced he would be out of town on vacation June 23-29. The remainder of the Board is available for a June 29 meeting.

During this agenda item, Mr. G. Barton joined the meeting. Since he had missed the first Public Comment section of the meeting, President Ghilarducci offered him his 3-5 minutes of public comment at this time so as to not have to wait until the end of the agenda. Mr. Barton introduced himself and identified himself as a filed candidate running for Commissioner in the upcoming election. Commissioner Korsmo will be running for re-election. Mr. Barton stated he was simply present to observe and learn.

**BOARD AWARD OF ARROWHEAD PHASE 1 R&R PROJECT:**

Superintendent I. Black reported five contractors submitted bids for the Arrowhead Phase 1 R&R Project at the bid opening on May 16. With an Engineer's Estimate of \$1,607,705.12, the low bidder was Johnson & Maddox Construction of Tumwater, Washington at \$1,412,978.81. The second lowest bid was from Tapani, Inc. of Battleground, Washington at \$1,697,031.84; and the third lowest bid was from Cecanti, Inc. of Tacoma, Washington at \$1,875,209.53. All numbers included 9.9 percent Washington State Sales Tax.

The Superintendent stated construction costs were again on the rise and that the significant savings of the past number of years due to and since the Great Recession were decreasing. The passage of Sound Transit 3 is affecting the bidding climate. In light of all of this, and as the District moves forward with its 50-year R&R Program and its annual budget of \$3M, the District will either get fewer feet of pipe laid per year or the budget will need to be increased.

Johnson & Maddox first (and recently) did work for the District on the Sylvan Park Phase 2 project. The contractor did good work but was very methodical and slower than the progress the District is used to. They did, however, pick up the pace. The General Manager and Superintendent stated there was no reason to not award the project to Johnson & Maddox and recommended the Board award the project at that time. Commissioner Rediske moved to award the project to Johnson & Maddox Construction. Commissioner Korsmo seconded the motion, and it was passed by a unanimous vote.

**BOARD AWARD OF AMERICAN LAKE GARDENS TANK RECOATING PROJECT:**

The District received three bids on this project, which was a good showing for this time of year. With an Engineer's Estimate of \$120,000, the low bid was received from Purcell P&C, LLC of Tacoma, Washington at \$114,897.15. The second lowest bid was from J&L Co. Northeast, Inc. of Spokane, Washington at \$165,289.60; and the third lowest bid was from HCI Industrial & Marine Coatings, Inc. of Olympia, Washington at

**Board of Commissioners' Regular Meeting Minutes**

**May 18, 2017**

**Page 3**

\$254,661.97. District Project Manager D. Hall called to check references, all of which were overwhelmingly positive. The General Manager therefore recommended the Board award the project to Purcell. Commissioner Rediske moved to award the project to Purcell. Commissioner Korsmo seconded the motion, and it was passed by a unanimous vote.

**GENERAL MANAGER PROJECT UPDATES:**

**Wholesale Transmission Extension**—The District received a letter from its wholesale partners dated May 8, 2017 expressing 10 basic issues or areas of the District's proposed wholesale water contract to discuss. The General Manager stated there may be two of these areas where he and the staff may recommend changes; the remaining eight areas would remain unchanged to be in the best interests of the District. The General Manager stated he felt the best way to approach the matter with the wholesale partners was by way of a face-to-face meeting where they could discuss and work through the matters at hand. A meeting is scheduled for June 6 at 2 p.m. FCSG (Financial Consulting Solutions Group) representative A. Sanchez-Virnoche will attend to help discuss the model. She will be able to talk about how our contract compares with other wholesale contracts she is familiar with and explain things that, ultimately, have just been confusing to the wholesale partners. Results of this meeting will be brought to the Board at the June meeting.

**Ponders Well Site**—The General Manager reported two large issues are in play—1) treatment of chemicals from JBLM and 2) Senator Honeyford, Senate Capital Budget Lead, has taken the position the Senate will not move on the budget until the House passes Senator Warnick's bill on the Hirst and Foster water issues. The General Manager is endeavoring to schedule a meeting with Mr. M. Grenko regarding the JBLM chemical matter. On the budget matter, the full House may not meet for the remainder of this Special Session, meaning there may be no Capital Budget negotiations until later May/early June. The Ponders facilities replacement project is still scheduled to go to bid in August.

**City of Lakewood Process for Tree Removal**—District legal counsel J. Milne joined the meeting via phone to help address this issue.

After a number of years of endeavoring to come to a good agreement with the City as it relates to the removal of trees that are causing or about to cause damage to the District's water infrastructure, and as many years of the District's attorney endeavoring to work things thru with the City's attorney, it is the consensus of the District staff and attorney for the District to take responsibility for the removal of trees in the right-of-way. Trees on people's private property causing hazard to the system will be the responsibility of the owner to remove.

At the time of this meeting, there were 13 known service leaks being caused by 13 trees in the right-of-way. Over the last two years, approximately eight of ten main breaks have been due to trees in the right-of-way. The City claims the needed removal of

**Board of Commissioners' Regular Meeting Minutes**

**May 18, 2017**

**Page 4**

these trees is the responsibility of the District since it is the District working in the right-of-way and yet the District had no say, knowledge, or responsibility for the trees being planted in the right-of-way.

This will be an additional, large, "cost of doing business" budget item at \$1500-\$2500 per tree removal, on top of the City's right-of-way permit fee of \$270 per tree removal. It was asked if the City would waive the permit fee in light of the obvious, but they would not, stating those funds are earmarked for additional city improvements. It was also cited by the City's attorney that other utilities pay for such situations, such as a tree in the way of a power line, etc.

These leaks have contributed to the District's challenge in complying with the Water Use Efficiency Rule in keeping unaccounted-for water at a rate of 10 percent or less. These 13 leaks caused by the 13 trees have been leaking all year long, and the District's hands have been tied up in obtaining a process approved by the City. In light of all the information reported, the General Manager, along with District legal counsel, recommended the District take this on as part of the cost of doing business.

Mr. Milne will write waiver and consent forms/letters regarding indemnity/release from liability. The Board unanimously concurred with the General Manager's and legal counsel's recommendation. The District will follow up with policy modifications as they relate to tree removal.

**City of Lakewood Assuming In-premise Cross Connection Control**—The General Manager recently received an e-mail from D. Bugher, City's Community Development Director, stating he would be presenting to the City Council at the May 22 meeting the District's charge of \$18,500 for the cost of covering in-premise isolation for the City through 2017. This is roughly what it will cost the District to monitor and administer the in-premise isolation program for the remainder of this year. Mr. Bugher also shared with the General Manager the progress made thus far by the City in this matter.

**SUPERINTENDENT'S REPORT:**

The Superintendent's Report was provided to the Board in its entirety in the pre-agenda packets. Supplemental report: The Sylvan Park Phase 2 project was within 800 feet of being finished; it is hoped the project will wrap the first week in June. Then Johnson & Maddox, contractors on Sylvan Park, will move into the Arrowhead Phase 1 project.

The 2017 Flushing Program has been completed except for a couple night flushings. New employee, F. Tuitasi, returned from medical leave/recovery after suffering a medical emergency on April 26. Unaccounted-for water is currently at 10.5 percent; the District continues to work fervently to reduce to that to below 10 percent.

On the new meter failing front, Sensus believes the issue is extra voltage in the ground. They are proposing to come in and strap all meters that haven't already been replaced. Significant meter maintenance costs have been incurred by the District the last two

**Board of Commissioners' Regular Meeting Minutes**

**May 18, 2017**

**Page 5**

years. The District has put Sensus on notice regarding the District's costs in dealing with this matter. The AMI system caused the District to no longer need a meter reader, but the District has had to have a meter maintenance and repair person over the last three years to compensate for these meter issues. AMI is technologically fantastic; it's a meter issue to be addressed. Sensus is re-engineering the iPerl meter.

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

The District is in the process of updating its website. A vendor has been selected, and negotiations are in progress.

The District's new Senior Lead Accountant, P. Mendoza, started Monday, May 15 and is doing a great job right out of the gate.

**OTHER BUSINES:**

**Board Acknowledgement of Employee Wage Increase**—The Board acknowledged an annual wage increase for P. Kang.

**Award of Sick Leave for Employee**—The General Manager presented a request to the Board to award nine days of sick leave to a newer but star-performing employee who was presented with a medical emergency on April 26. It was a pulmonary and heart-related matter, and the physicians ordered two weeks' recovery and would not release the employee for work until that time. The new employee, with a family of six, had not been an employee long enough to accrue the sick leave needed to cover the time, and that much time without pay would cause a significant hardship on his family. Staff would have donated their personal sick leave to cover the employee, but the General Manager did not want the hardship of one employee to fall on others and felt this was a matter more appropriately covered by the District as a justifiable exception. After discussion of the matter, the Board unanimously granted the General Manager's request. Any additional time needed for therapy, etc., for this employee will be covered by either accrued sick leave or possible supplemental staff donations.

**Rescheduled June BOC Meeting**—As mentioned above, due to the timing of the various components of the bond issuance, the Board agreed to move the June Commissioners' meeting to the 29<sup>th</sup>. If things come together more quickly than anticipated, the meeting may be moved to sometime the week of the 19<sup>th</sup>.

**National Drinking Water Week**—The first full week of May is designated by the American Water Works Association as National Drinking Water Week. The week was celebrated by District staff, customers, and vendor consultants by way of a Customer Water Question of the Day focusing on the importance of water (with water-related give-away prizes), educational presentations by and for staff, and a raffle for one and all, with vendor-donated prizes and all proceeds going to the District's CAP (Customer Assistance Program).

**Board of Commissioners' Regular Meeting Minutes**

**May 18, 2017**

**Page 6**

**Water-testing Results at JBLM Wells**—As reported at the February and March meetings, the District received notification of contaminants found at JBLM due to the chemical foam retardant used at McCord Air Force Base for practicing the exsanguination of fuel fires as well as aircraft fires. The technical names of these contaminants are Perfluorooctanesulfonic Acid (PFOS) and Perfluorooctanoic Acid (PFOA). Because the District's Ponders Well Site is down gradient of McCord Air Force Base, the District tested those wells at Ponders and found very low-level traces of both chemicals.

The General Manager had heard the base had been continuing to take samples and had found that other wells may have problems but did not have details. Mr. Black has been endeavoring to speak with JBLM regarding the matter. Department of Health also has not been in receipt of any information. The base is not authorized to share information without upper level clearance. Having just received that authorization, they are now ready to share information; so the General Manager will pursue a meeting date and time with the base.

The General Manager went on to explain that QA and QC (quality assurance and quality control) are very important due to the possibilities of false positive test results. AECOM, an engineering firm, has been selected by the base to address these matters. The General Manager has contacts at AECOM and will reach out to them as well.

**PUBLIC COMMENT:**

Mr. Barton shared he has been very involved in hydrogeological modeling and sampling and is very familiar with false positives.

He presented a matter of low water pressure in his neighborhood and asked how the District monitored its pressure in the system. The Superintendent and General Manager explained the District has multiple pressure zones. The Superintendent felt, in light of the times/duration Mr. Barton noted the lower pressure, that it could have been caused by a tank filling or recent flushing in the area. It was odd, in that neither the Superintendent or General Manager had received any word of low pressure before in this area. The typical pressure in this pressure zone, the 404, is 50-54 pounds. Variances in the District's pressures are typically small/rare, as everything is put thru the District's SCADA (Supervisory Control And Data Acquisition) system (where variances in the system would alert/alarm District monitoring personnel). The General Manager stated he would talk more with Mr. Barton and look further into the situation.

Mr. Barton said he looked on our website but did not see any information regarding where the District wells are located. Understanding this may be for good reason (security), he stated he was interested in learning more about the well network, their various locations, etc. Mr. Barton retired from USGS as a hydrogeologist.

With no additional business to address, President Ghilarducci adjourned the meeting at 5:15 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**