

**LAKWOOD WATER DISTRICT
BOARD OF COMMISSIONERS
Minutes of Regular Meeting
Thursday, May 21, 2015**

The Regular Meeting was called to order at 3:35 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 April 23, 2015 Special Meeting, and Commissioner Korsmo seconded the motion. In discussion, Commissioner Korsmo requested more detail regarding the components and function of the Customer Service Portal in the AMI system and 5,000 licenses versus licenses for every customer at 17K+. The Customer Service Portal would cost \$1 per connection plus \$30K for the remainder of 2015. Subsequent years would cost approximately \$1 per license or unit of customer use. The General Manager explained it would not be practical to purchase licenses for every customer, as many customers may not have computers or otherwise choose to use the portal.

Commissioner Korsmo asked if the District would notify customers to make the portal available for a cost. The General Manager replied the District had told its customers all along that this feature would be a benefit of the new AMI system available to them, so there was no plan for customers to pay for the use of the portal. The District discussed with Ferguson all along regarding the portal and the plan to purchase it in segments of 5,000 according to need, and it was included in the RFP. The District was told it would cost approximately \$12K for 5000 units or licenses.

There are third-party entities that can offer the Customer Service Portal, but the District has not yet been able to investigate these options. Ferguson did not inform the District until near the end of the project that they do not handle smaller segments.

Commissioner Korsmo asked if the District was still paying for the monthly water samples taken at the District's 28 sample stations testing for petroleum-based oil in the water supply in light of the fire hydrant issue first discussed at the March 19 Commissioner meeting. The General Manager replied the testing would conclude this month.

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After this discussion, the motion to approve the minutes of the April 23 Special Meeting 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 33671 through 33792 totaling \$955,651.32, salary direct deposits totaling \$141,151.46 payroll taxes totaling \$104,497.62, and electronic payments totaling \$79,092.42, for a grand total of \$1,280,392.82 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 THE STEILACOOM BOULEVARD R&R PROJECT:

Pape & Sons recently completed the work on this project, and the District was pleased with the outcome despite the paving issues with the City. 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 SUBSTANTIAL COMPLETION OF THE AMI METER REPLACEMENT PROGRAM:

Ferguson recently completed their work on this project. The conditional acceptance of substantial completion of the project stops liquidated damages for the contractor. Final completion will occur once all change orders are negotiated and settled and other final processes are completed. The Superintendent recommended the Board approve the conditional acceptance of substantial completion of this project. Commissioner Rediske so moved, Commissioner Korsmo seconded the motion, and it was passed by a unanimous vote.

JBLM PRIVATIZATION:

The District has not yet seen an RFP from the military on this project. The base is looking to privatize water, sewer, and power. The General Manager asked for the Board's concurrence for him to review the RFP upon receipt, obtain a quote from FCSG for David Findlay's review and evaluation, and bring the matter back to the Board for approval of further action if any. The Board concurred.

EMPLOYEE EDUCATION ASSISTANCE:

The District's current program provides the option for an employee, in lieu of receiving their annual merit and/or base wage increase, to have that money paid in advance by the District to an institution of higher learning for education programs for their advancement, growth, and enhancing of their skill set. A recent survey of water purveyors in Pierce and King counties revealed that a great majority make available education assistance to their employees as a separate benefit, not in lieu of an annual increase.

The General Manager discussed with the Board the option of amending or repealing the current language in the District's program to include an amount for further education that would not be in lieu of an annual increase, with some stipulations with regard to grades, length of required employment for the education dollars given, the education being related to the employee's present or potential future position, and a repayment schedule should an employee leave prior to 2 to 3 years after obtaining the additional education paid for by the District. All requests for educational assistance, including a list of classes to be taken, etc., would be subject to approval by the General Manager, and all classes would be taken on the employee's time.

This additional education would provide an opportunity for employees to better themselves and/or obtain a degree or certification so as to be qualified for promotion or better equipped to be more effectual in their current positions, especially at a time where qualified, skilled employees are at a premium in light of the retirement of an aging workforce in the water industry.

The amount of education assistance amongst most the utilities surveyed ranged from \$1,000 (the Town of Steilacoom) to \$5,250 per year. A number of water utilities pay 100 percent for tuition and books. The General Manager suggested a maximum of \$4,000 per year.

Commissioner Ghilarducci asked if education assistance funds were taxable to the employee. IRS law allows an employer to exclude up to \$5,250 of educational assistance provided to an employee under an educational assistance program from the employee's wages each year.

The General Manager will bring a draft resolution to the Board for its consideration at the June 18 meeting, reviewed and approved by legal counsel.

FUTURE DISTRICT STAFFING LEVELS:

The General Manager discussed with the Board some of the efficiencies that will be realized from the AMI Meter Replacement Program and the utilization of tablets, specifically as it pertains to the field staff. The actual impact of these efficiencies is yet to be seen in light of the delays of the Meter Replacement Program which also delayed the integration of the tablets and applicable software with the AMI system. For the remainder of 2015, however, the Meter Reader will be able to be reassigned to

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maintenance and operations, and the District will not be replacing Miles Landon who will be retiring the end of June. If the District takes over the JBLM water system, however, this need may change. Similarly, it is yet to be determined if there is adequate staff to maintain the workload, including maintenance that has been deferred in the past, as well as providing coverage for adequate cross-training and education. In light of this, a temporary employee was held over for 2015 and may be recommended for full hire in 2016 according to need. In summary, the General Manager reported the District is making good use of its resources, and the Board concurred.

SUPERINTENDENT'S REPORT:

The Superintendent's Report was provided to the Board in its entirety in the pre-agenda packets. Supplemental to his report, the Superintendent stated the District was still endeavoring to get answers from the City of Lakewood regarding whether or not it will be proceeding with a couple of planned joint projects, the South Tacoma Way from 512 to 96th Street Project and Bridgeport Way I-5 to San Francisco Street Project. The District understands the City often does not know when grant money is coming until it is in their hands. The bigger concern moving forward with District-City projects is fixing the problem of unknown, unforeseen, uncontrollable charges imposed upon the District by the City. In the South Tacoma Way Project contract, language was added giving the District an "out" if the terms became unfavorable for the District. In such a case, the District would contract its work separately.

The Superintendent again commended staff for all their hard work on the AMI Meter Replacement Program, specifically, Teri MacDougall, Barbara Cash, and Shaun Jorgensen. He was also pleased to report the project came in at or below budget. In the process, the District was able to secure an accurate meter inventory at approximately 16.5K versus 16.7K.

On the subject of Backflow, the Superintendent reported customers seem to be of the opinion that backflow testing is of little or no use. The District has made strides in the past two years to place proper emphasis on its backflow and cross connection programs. Articles will be placed more routinely in the District's quarterly newsletter explaining the importance of backflow protection and the state law requiring the annual testing. The new iPerl meters (5/8-inch and 1-inch meters) have a backflow alarm on them, so the District will now be notified of any backflow events.

OFFICE SUPERVISOR'S REPORT:

To accommodate the integration and support of tablets, the District will need to increase its computer server capacity, as it is presently operating at maximum capacity. The new server will have 1000 times more processing capacity and memory than the present server, providing expandability. Approximately one month after the new server is in place, Lucity will then install the software for the operation of the tablets. It is anticipated this will be up and functional by September, but the data base will still need to be built and users educated.

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The CAP (Customer Assistance Program) is up and running; a few "bugs" had been worked out by the District's Utility Billing software provider, emGov Power. Customers have begun to make small contributions, for a total of \$15 so far.

The District's cash balance on hand was reported at \$5.1M.

OTHER BUSINESS:

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

May 27 Meeting with City of Lakewood re. Paving Issue—Commissioner Korsmo, the General Manager, Superintendent, and D. Matz of RH2 Engineering will meet with the City Manager, Mayor, and Public Works Director of the City of Lakewood on May 27 to work out better solutions for future projects to ensure more appropriate stewardship of rate-payer funds.

PNWS Conference in Bellevue—the General Manager reported the staff who got to attend the conference were very appreciative of the opportunity to go, learn, and represent the District.

ACE Annual Conference—ACE, the American Water Works Association's annual conference, will be held in Anaheim, California June 7-10, 2015. Attending from the District will be the General Manager, his Executive Assistant/Human Resources Manager, Operations and Maintenance Department Head, and the District's AMI installation inspector from the Pumping Department. The General Manager reported he would be taking a couple days' vacation after the conference and would return to the office Monday, June 15.

Trees in the District Parking Lot—the General Manager asked the Board to accompany him to the parking lot to inspect the disruption of the pavement by tree roots. The parking lot will be getting redone this summer, and the General Manager wanted to be clear as to any concerns or issues the Commissioners may have regarding the trees in question.

PERS Eligibility for Commissioners—Commissioners are eligible if they choose to join/contribute for any month they receive compensation, but they will not earn a month of service credit unless they make 90 times the Washington state minimum wage that month (90 x min. hrly wage) and unless they work 90 or more hours in that same month. They may earn ½ month of service credit for each month if they work less than 90 but 70 or more hours—and still make 90 times the minimum hourly wage that month. They can earn ¼ month of service credit for working less than 70 hours but still must earn 90 times the minimum hourly wage that month. PERS 1 did not have these requirements; PERS 1 closed 9/30/77.

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Fire Hydrant Issue Update—the General Manager reported the District did not end up having as significant an issue as initially perceived. Most hydrants tested were low in their levels of mineral and/or petroleum-based oil, so they were filled with mineral oil and retested. The monthly water samples taken from the 28 sample stations confirmed no oil had leaked into the District's water system, providing assurance for the public that their water system remained safe and uncompromised.

Seattle Avenue Project—the District filed for renewal of the Department of Transportation permit for this project; the current permit will expire in November. This project may be moved to the fall of this year, as the ground water levels are lowest in November through February.

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

**LAKWOOD WATER DISTRICT
BOARD OF COMMISSIONERS**

BY:



ITS PRESIDENT

BY:



ITS VICE PRESIDENT

BY:



ITS SECRETARY

ATTEST:



DISTRICT SECRETARY