

**LAKWOOD WATER DISTRICT
BOARD OF COMMISSIONERS
Minutes of Regular Meeting
Thursday, June 18, 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. and G. J. Rediske; General Manager R. Black; Superintendent I. Black; Finance Director D. Logan; and District Secretary C. Butler. Commissioner Korsmo had a scheduling conflict and was not able to attend; he was officially excused by the remainder of the Board.

PUBLIC COMMENT:

No members of the public were present.

APPROVAL OF MEETING MINUTES:

Commissioner Rediske moved to approve the minutes of the May 21, 2015 Regular Meeting. Commissioner Ghilarducci seconded the motion, and it therefore passed by a unanimous vote.

FINANCIAL INFORMATION:

The Finance Director presented the May financials to the Board.

Disbursements made from the General Ledger Fund for check number 33793 through 33903 totaling \$731,532.59, salary direct deposits totaling \$137,250.08, payroll taxes totaling \$50,214.47, and electronic payments totaling \$948,489.31, for a grand total of \$1,867,486.45 were presented to the Board for approval. After review, Commissioner Rediske moved to approve the payables as listed. Commissioner Ghilarducci seconded the motion, and it therefore passed by a unanimous vote.

BOARD CONSIDERATION OF OPTIONS RE. BACKFLOW TESTING:

The General Manager discussed with the Board the District's Backflow Testing Program in light of concerns regarding a backflow tester and how best to proceed in the best interest of the District. Backflow testing is required by state law, but the District has flexibility as to how to devise and operate its program to ensure proper testing for all backflow devices in the District. Four options were discussed: 1) maintain the current program with the current list of testers; 2) remove the tester in question from the District's list of testers; 3) utilize a public bidding process; or 4) have testing completed by qualified District staff for a fee.

Firgrove Water Company and Fruitland Mutual Water Company utilize the public bidding process and have enjoyed good success with little to no issues. In this process, the District would put its backflow testing out to bid, and the low, responsible bidder would perform the testing for one set price for the customer, for all customers who signed up for this service. This price, from \$15-\$40, would include an administrative fee of sorts to

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recover the District's costs but would be significantly less than the prices currently being paid to private testers, ranging from \$45-75. Firgrove charges \$30 per test, and Fruitland charges \$25. Customers would be able to have this charge added to their water bill. Those customers who did not sign up to receive testing from the District's tester would be responsible to have their device tested by another certified tester and pay them separately as they do now. The General Manager recommended the option of utilizing the public bidding process, as it would provide a savings to District customers, recovery of costs to the District, and the same price for all customers. Additionally, this would reduce the time currently spent by District staff to notify customers regarding testing and monitor compliance.

Option #4 would also be a viable option, giving the District control over its own testing and providing a savings to its customers, but it would require additional staffing. The General Manager stated he would do more research and present it to the Board at the July meeting. Commissioner Ghilarducci stated he would recuse himself from voting on this matter at the July meeting due to having a personal and family work history with the tester referenced in Option 2.

DRAFT RESOLUTION NO. B-1423—EMPLOYEE EDUCATION ASSISTANCE PROGRAM:

The General Manager presented a draft of Resolution No. B-1423 to the Board, addressing a proposed revised Employee Education Assistance Program for the District. The body of the resolution had been written by District legal counsel J. Milne for Silver Lake Water & Sewer District and had been reviewed by Mr. Milne as modified for the District.

The revised program, as presented, would afford an employee of one year or longer the possibility of obtaining financial assistance from the District to pursue higher education leading to a degree, certificate, or qualification for position promotion. The annual limit would be \$4000, the employee would have to finish the course and maintain a "C" or passing grade, the schooling would be acquired on the employee's own time, and it would have to be related to the employee's position or potential position at the District. There was also a conditional "pay-back" schedule if the employee left the District 1, 2, or 3 years after completing education/courses paid for by the District. Provisions for advanced payment by the District would be available upon approval. All education assistance requests, including courses taken, would be upon approval by the General Manager.

After review of the resolution and discussion, Commissioner Ghilarducci commented he felt there was a need for additional, clearer guidelines and criteria to guide/justify General Manager approval. These and other details will be addressed, and a revised draft will be presented to the Board for consideration at the July meeting. There is no current budget in place for this program. If approved, this matter would be a 2016 Budget item, and the program would not commence until sometime in 2016.

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PONDERS WELL SITE UPDATE—DRAFT FINAL ANALYSIS/STUDY REPORT:

The General Manager reported Kennedy/Jenks was progressing well and on time with the site analysis. They had determined the best of the four options considered in replacing/upgrading the aging site was to continue the same treatment and replace equipment. This would be the most cost-effective option at an estimated \$4M. The other options would cost approximately \$6-8M.

Kennedy/Jenks will be completing a draft copy of their report by the second week of July, with the final report completed at the end of July and submitted for final payment on the grant from Department of Ecology by July 30. The report will be presented to the Board at the August Commissioners' meeting.

JBLM PRIVATIZATION UPDATE:

There was nothing new to report on this item; the District was still waiting to receive the RFP from the base. It was uncertain if the plan for 11,000 troops to leave the base would affect the privatization.

SUPERINTENDENT'S REPORT:

The Superintendent's Report was provided to the Board in its entirety in the pre-agenda packets. His supplemental report included:

- LWD was beginning to install more new services (11 so far this year);
- LWD was doing some pre-planning with the City of Lakewood—still potential for Marriott to come to town;
- LWD was still waiting on the Walker Ridge 43-house development behind Lakes High School; the developer is waiting on a permit from the City of Lakewood--LWD will be installing 1900 feet of main and services (private work);
- R&R—LWD is still waiting on the City of Lakewood on the South Tacoma Way and Bridgeport Way projects; it will probably be September/October before these projects go out to bid; LWD expecting to be able to do both delayed COL projects next year.
- AMI—wrapping up final details, handling minor processing issues, e.g., how to handle the warranty on the new meters; the Customer Service Portal is getting modified; LWD will be getting turn-off meters for chronic non-paying customers; and high commendations to IT Tech P. Kang for all his work on this project.

FINANCE DIRECTOR/OFFICE SUPERVISOR'S REPORT:

The District will be in receipt of FEMA (Federal Emergency Management Agency) funds in the amount of \$1M for seismic retrofitting and upgrades to a number of District tanks, LWD Job #607. Once the District incurs \$750K in costs, it will be required to prepare and undergo a single audit, a federal audit carried out by the State Auditor's Office. Depending on if the District incurs costs up to \$750K in a calendar year, the audit may occur in 2016.

Cash on hand was just under \$4M; cash reserves will start to build up in July through October from summer revenues.

OTHER BUSINESS:

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Board Acknowledgement of Employee Wage Increase—the Board acknowledged an annual wage increase for V. Buckley.

Report re. May 27 Meeting with City of Lakewood—the General Manager reported the results of the meeting overall were disappointing. The City's response to the District's concerns about unexpected, unbudgeted additional costs/charges from the City on projects was to have a better contingency budget. The General Manager suggested scheduling a meeting with the City every year to address matters. On the matter of the tree roots causing damage to District facilities, there was still resistance from the City to have customers remove said trees/roots. On the matter of permits from the City, the District is paying \$275 for permits when some should only be \$75. They were charging \$250 for a \$300 patch. The City said they were reviewing all permit fees and said they needed to charge the cost of service.

AWWA Ace Conference—the General Manager thanked the Board for allowing him and three staff members to attend this year's conference June 7-10 in Anaheim, California—C. Butler, B. Gaskin, and S. Jorgensen.

Town of Steilacoom Agreement Renewal—the District has not yet heard from the Town of Steilacoom regarding its potential wholesale water agreement renewal. The detail will change to be commensurate with the District's current wholesale water contracts, and the cost will go up accordingly.

With no additional business to address, President Ghilarducci adjourned the meeting at 4:46 p.m.

**LAKWOOD WATER DISTRICT
BOARD OF COMMISSIONERS**

BY:



ITS PRESIDENT

BY:



ITS VICE PRESIDENT

BY:



ITS SECRETARY

ATTEST:



DISTRICT SECRETARY