

**LAKWOOD WATER DISTRICT  
BOARD OF COMMISSIONERS  
Minutes of Regular Meeting  
Thursday, July 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 District Secretary C. Butler.

**PUBLIC COMMENT:**

No members of the public were present.

**APPROVAL OF MEETING MINUTES:**

Commissioner Korsmo moved to approve the minutes of the June 19, 2014 Regular Meeting. Commissioner Rediske seconded the motion, and it was passed by a unanimous vote.

**FINANCIAL INFORMATION:**

The Finance Director presented the June financials to the Board.

Disbursements made from the General Ledger Fund for check number 32385 through 32465 totaling \$466,851.19, salary direct deposits totaling \$125,517.22, payroll taxes totaling \$48,037.15, and electronic payments totaling \$479,025.52, for a grand total of \$1,119,431.08 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.

**EXECUTIVE SESSION per RCW 42.30.110(1)(b)—Discussion of Counter Offer, Property Adjacent to Scott's Well Site:**

President Ghilarducci moved this item to the bottom of the agenda.

**DISTRICT'S PRACTICE RE. MARKUP ON PROJECTS:**

The General Manager discussed with the Board the District's present practice as it pertains to engineering & miscellaneous and overhead & markup charges on District projects and the history of same. For many years, the District has charged a total of 45 percent on all projects, 20 percent for engineering and miscellaneous and then another 25 percent on top of that for overhead and markup. This has been to ensure the District was protected and made whole on all projects, where there is any number of different unforeseen costs potentially involved from project to project. The District's Board has always had a policy of making sure all costs of a project were borne by the project; hence, that growth paid for growth.

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With the expertise and experience level of the present staff, the General Manager did not feel such high overhead and administrative costs were any longer needed to have assurances that the District would be made whole on projects. He provided a spreadsheet of statistical information reflecting how well the District had fared on its projects over the last year; at a profit of over \$10K. The General Manager recommended an overall charge of 25 percent.

Commissioners Korsmo suggested the District divide that 25 percent by way of charging 10 percent for engineering and miscellaneous and 15 percent for overhead and markup. The General Manager agreed and amended his recommendation to be a 10/15 percent split.

Commissioner Rediske asked what other water and sewer districts charge. While the District had not investigated those numbers, it is common amongst water and sewer districts in the state to have growth pay for growth. The Board concurred with the General Manager's recommendation. Commissioner Rediske moved to reduce the District charges on its projects from a compounded 45 percent to 10 percent for engineering and miscellaneous and 15 percent for overhead and markup. Commissioner Korsmo seconded the motion, and it was passed by a unanimous vote.

**BOARD ACCEPTANCE OF LAKEHOLME-WOODHOLME PROJECT COMPLETION:**

The Superintendent presented to the Board the Lakeholme-Woodholme project, completed by Pape Construction, Inc., ahead of schedule and approximately \$64K under budget. Pape has done much exemplary work for the District over years and is presently working on the Sylvan Park R&R Project. The Superintendent and General Manager recommended the Board accept the project as completed. Commissioner Rediske moved to accept the Lakeholme-Woodholme Project as completed. Commissioner Korsmo seconded the motion, and it was passed by a unanimous vote.

**SUPERINTENDENT'S REPORT:**

The Superintendent's Report was provided to the Board in its entirety in the pre-agenda packets. Subsequent to that report, he updated the Board on the AMI Meter Replacement Program, with installation commencing August 4. The project is three weeks behind schedule due to integration taking longer than planned, but the program is still scheduled to be complete and operational by Christmas.

The Superintendent reported that the AMI collectors are now operational; just waiting for meters to be installed. Data will not be available from the AMI system until the first week of September. Between now and then, meters will register being on, but no data will be produced.

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

The Office Supervisor informed the Board the office staff had received only four calls inquiring about a recent letter sent by the District to all customers notifying them of the upcoming AMI Meter Replacement Program. None of the calls were negative.

The Finance Director reported the District had made its full transition over to Key Bank from Columbia Bank.

Commissioner Rediske asked how the District was going to address its customers in light of increasing water bills after the AMI Meter Replacement Program, on top of the recent rate increase and rate structure revision and new 50-year R&R Program fixed fee by meter size. The General Manager explained the answer was simply that most customers have been receiving some free water due to older meters decreasing in efficient registering; now customers will be paying for all water used. This new program also offers the customer benefit and value in better access to their account, increased services, and more efficient customer service. The District is required by the State Water Use Efficiency Rule to reduce its level of unaccounted-for water; this program will greatly assist the District in complying with this law.

**OTHER BUSINESS:**

**Board Acknowledgement of Employee Wage Increase**—The Board acknowledged an increase for employee W. Slemp.

**Board Invited to Address Fircrest Town Council re. Fluoride**—The General Manager informed the Board it had been invited by some Fircrest citizens to address their Council regarding the Board's experience with the fluoride matter in 2004. These citizens are asking for Fircrest to remove fluoride from its water. Since the two situations are very different (Fircrest has had fluoride for 50 years; Lakewood Water District was deciding whether or not to include it for the first time), the Board did not see that its experience would be relevant and therefore declined the invitation.

**Regional Co-op BBQ Invite to Board**—The General Manager invited the Board to the second annual BBQ of the newly renamed Regional Water Cooperative of Pierce County. The BBQ and meeting will be held at Sunnyside Beach in Steilacoom, with food served at noon and the Co-op meeting beginning at 1 p.m. The General Manager encouraged the Board to attend for the networking with legislators and other water board members and staffs.

**Paving LWD Front Parking Lot—Removal/Non-removal of Trees**—Subsequent to discussion with the Board on this subject at the June 19 Commissioner Regular Meeting, the General Manager informed the Board that the City of Lakewood provided in writing that it will not require any replacing of trees if the present trees whose roots are obstructing the parking lot are removed. The City realizes the importance of public safety in this regard.

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Cutting down the five trees in question would cost approximately \$8800. Total paving costs to build up the parking lot are still being compiled but should be available for discussion at the August 21 Regular Meeting.

**EXECUTIVE SESSION per RCW 42.30.110(1)(b)—Discussion of Counter Offer, Property Adjacent to Scott's Well Site:**

President Ghilarducci called for a 10-minute Executive Session at 4 p.m. The Executive Session concluded at 4:10 p.m. No Board action was taken.

With no additional business to address, President Ghilarducci adjourned the meeting at 4:10 p.m.

**LAKWOOD WATER DISTRICT  
BOARD OF COMMISSIONERS**

**BY:**

  
ITS PRESIDENT

**BY:**

  
ITS VICE PRESIDENT

**BY:**

  
ITS SECRETARY

**ATTEST:**

  
DISTRICT SECRETARY