

**LAKWOOD WATER DISTRICT
BOARD OF COMMISSIONERS
Minutes of Special Meeting
Tuesday, July 28, 2015**

The Special Meeting was called to order at 8:30 a.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; District Secretary C. Butler; Secretary T. MacDougall; District legal counsel A. Tramountanas; and S. Hoover of contractor General Mechanical.

PUBLIC COMMENT:

President Ghilarducci asked Mr. Hoover from General Mechanical if he wanted to offer public comment at this time. He replied he did not but perhaps would appreciate that opportunity during the discussion of the next agenda item.

BOARD DETERMINATION RE. AWARD OF SEISMIC IMPROVEMENTS PROJECT:

This project will provide seismic improvements to be made on a number of District tanks. The base bid of the project included the Washington Boulevard, American Lake Gardens, 104th and Bridgeport, Philip, and Farwest tanks. Three additional options were included in the bid—Schedule A on the Steilacoom Boulevard Tank and Schedules B and C (Phases 2—foundation work and 3—structural work) on the Oakbrook tank. The District was awarded a \$1 million grant program from FEMA for this project, with a \$750K grant coming from FEMA (75%), a \$125K grant coming from the State Department of Health (12.5%), and \$125K (a 12.5% “match”) required from the District.

Six bids were received at the bid opening held Tuesday, July 14. The project was to be awarded on the base bid. The low base bid (including sales tax) was from General Mechanical out of Tacoma at \$323,784.62; the second lowest base bid was from T Bailey Inc. out of Aberdeen at \$447,719.50; and the third lowest base bid was from Rognlins, Inc. out of Anacortes at \$516,368.00. There was an irregularity with General Mechanical’s bid, however, in that the mobilization cost listed for the base bid exceeded the limit of 10 percent of the bid amount as stated in the specifications. General Mechanical’s mobilization cost for the base bid was at 17.7 percent. This mistake had been noticed by other bidders and would give General Mechanical an advantage over the other bidders. District legal counsel A. Tramountanas of Short, Cressman & Burgess rendered the bid defective and recommended the District exercise its right to reject the bid.

President Ghilarducci invited Mr. Hoover to offer comment. Mr. Hoover stated the contract stated the mobilization was not to exceed 10 percent of the total contract price. With the base bid and three schedules, Mr. Hoover stated it was ambiguous as to how to calculate and present the mobilization costs. He further stated the mobilization would be paid out over six sites, one site at a time, and that 50 percent of the mobilization

Board of Commissioners' Special Meeting Minutes

July 28, 2015

Page 2

would be held until the project was finished; so there would be no advantage to General Mechanical over the other bidders, and it would actually be better for the District.

At 8:30 a.m., President Ghilarducci called for a 20-minute Executive Session per RCW 42.30.110(1)(i) to discuss this matter with legal counsel. The Board, General Manager, Superintendent, and legal counsel A. Tramountanas adjourned themselves to a private conference room to convene the Executive Session. At 9 a.m., the Executive Session concluded, and the Board, et al, returned to the Board Room and the open public meeting resumed.

Legal counsel Tramountanas stated General Mechanical's bid included a material defect, because the contract would be awarded on the base bid, giving General Mechanical a significant advantage over the other bidders with mobilization costs at 17.7 percent versus 10 percent or less. Mr. Tramountanas further stated the bid was non-responsive and recommended the Board reject the bid.

The District acknowledged it had received a letter of protest from General Mechanical dated July 24, 2015. In keeping with RCW 39.04.105, the District would need to provide General Mechanical with two full business days' written notice of the District's intent to execute a contract with second-low bidder, T Bailey Inc. Commissioner Rediske moved to 1) reject the bid from General Mechanical; 2) issue a letter to General Mechanical responding to their letter of July 24 and notifying them of the District's intent to award the contract to T Bailey Inc.; 3) accept the bid from T Bailey Inc.; and 4) authorize the General Manager to execute a contract with T Bailey after two full business days. Commissioner Korsmo seconded the motion, and it was passed by a unanimous vote.

APPROVAL OF MEETING MINUTES:

Commissioner Rediske moved to approve the minutes of the June 18 Regular Meeting and July 2 Special Meeting. Commissioner Korsmo 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 33904 through 34051 totaling \$973,117.23, payroll taxes totaling \$62,383.26, salary direct deposits totaling \$151,600.88, and electronic payments totaling \$498,358.89, for a grand total of \$1,685,460.26 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.

BOARD AWARD OF VETERANS DRIVE PHASE 4 R&R PROJECT:

Five bids were received for this project at the bid opening on July 21, 2015. The three low bidders were South Bay Excavating out of Olympia, Washington at \$651,165.21; Ceccanti, Inc. out of Tacoma, Washington at \$666,672.66; and Reed Trucking & Excavating out of Puyallup, Washington at \$668,860.66. These bid prices included

Board of Commissioners' Special Meeting Minutes
July 28, 2015
Page 3

Washington sales tax. The low bid came in \$28,834.79 under the Engineer's Estimate of \$680,000. South Bay Excavating is a new firm to the District but came with good references. It was reported some of the employees were from a former contractor that had a long, successful work history with the District.

The General Manager recommended the Board award the project to South Bay Excavating as the low, responsible bidder. Commissioner Rediske moved to award the project to South Bay Excavating. Commissioner Korsmo seconded the motion, and it was passed by a unanimous vote.

BOARD CONSIDERATION OF OPTIONS IN REGARDS TO BACKFLOW TESTING:

The General Manager reviewed for Commissioner Korsmo the four backflow testing options for the District discussed with the remainder of the Board at the June 18 meeting: 1) continue the District's present program; 2) remove the tester in question from the District's list of certified testers; 3) put the testing out to public bid; or 4) conduct the testing in-house. The General Manager recommended Option 3 and suggested utilizing this method for a couple years beginning next year to see how it would work for the District.

It was asked if the District would or should exclude the tester in question from the bidding process. The General Manager will check with legal counsel and inform Commissioners Korsmo and Rediske prior to the next meeting. The General Manager stated he would look for Board action at the August meeting. President Ghilarducci again stated he would recuse himself of this matter due to his personal and professional relationship with the tester in question.

BOARD ADOPTION OF RESOLUTION NO. B-1423 AND EMPLOYEE EDUCATION ASSISTANCE PROGRAM:

As discussed at the June 18 meeting, a revised resolution and Employee Education Assistance Program policy were presented to the Board for approval and adoption. Commissioner Ghilarducci's concerns had been addressed, and necessary modifications had been made. In reading through the revised program policy, Commissioner Ghilarducci made one additional minor change to the language. Commissioner Rediske moved to adopt Resolution No. B-1423 and the Employee Education Assistance Program policy as amended. Commissioner Korsmo seconded the motion, and it was passed by a unanimous vote.

BOARD APPROVAL OF UPDATED SUBSTANCE ABUSE POLICY:

The General Manager presented a revised Substance Abuse Policy, updated by legal counsel K. Weber of Inslee, Best, Doezie & Ryder to cover the recent legalization of marijuana in the state of Washington. The use of marijuana, or being under its influence, will continue to be prohibited by District policy.

Commissioner Rediske moved to approve the revised policy. Commissioner Korsmo seconded the motion, and it was passed by a unanimous vote. The revised policy will

Board of Commissioners' Special Meeting Minutes

July 28, 2015

Page 4

be addressed at the next All Hands meeting on August 4 and copies made available to the staff.

JBLM PRIVATIZATION UPDATE:

The General Manager reported much had occurred since the July 2 meeting. On July 13, District representatives attended a pre-conference meeting on JBLM, with a walk-thru of the project the next day, and an LWD Proposal Team meeting held at the District on July 22. At that meeting, it was concluded the District will be able to use a lot of the work done in 2002 on the present proposal.

At least six other water entities were present at the walk-thru on July 14, including Tacoma Water, California/Washington Water, and three larger, corporate entities, Corix, CDM Smith, and Veolia. In 2002, the District was the only bidder for the potential privatization of the Ft. Lewis water system.

It was asked if the District would be able to borrow against the JBLM facilities, since the District would not actually own them until after the five years of deficiencies were completed. The General Manager again explained the JBLM system would stand on its own; the District would not have to put the costs for JBLM facility deficiencies on the District's rate-payers. He further stated he had consulted with Marc Greenough, and the District would have plenty of financing options. Key Bank or another banking institution may be able to handle short-term financing, and the District would be able to go out for revenue bonds for long-term financing.

The proposal submittal time period is 120 days, with a deadline of October 19, 2015. At the walk-thru on the 14th, it was asked if the submittal deadline would be extended due to the JBLM's delay in getting the RFP out. The response was that the military was already going beyond the typical 90-day submittal period. The government will then have a 300-day review period, after which it is expected there would be a year of negotiation.

Commissioner Rediske asked if the District was going to partner with Pierce County for wastewater. The General Manager replied he had a call in to Pierce County. If the District partnered with the County, there would not be a joint bid, but there would be an operating agreement between the District and County.

SUPERINTENDENT'S REPORT:

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

- Not many new services were being installed this year; may have 30-35 by the end of the year; this is due to the Lakewood area being so built-out.
- Commissioner Ghilarducci asked if there was a fee for the District to receive calls for locates. The District pays a fee of \$1.29 per locate to 811 Service.

FINANCE DIRECTOR/OFFICE SUPERVISOR'S REPORT:

Board of Commissioners' Special Meeting Minutes

July 28, 2015

Page 5

The Office Supervisor and employee A. Dickens attended the LASA (Living Access Support Alliance) open house at their new facility located on Gravelly Lake Drive. The District's CAP (Customer Assistance Program) account balance was currently at approximately \$600, \$350 of which had been donated by retired employee, M. Landon. Donations are expected to pick up during the holiday months.

OTHER BUSINESS:

Board Acknowledgement of Employee Wage Increase—the Board acknowledged an annual wage increase for employee W. Slemp.

Reschedule August BOC Meeting—the General Manager asked the Board if it wished to change its August meeting date due to a conflict Commissioner Korsmo had on the 20th. The August meeting will be held Tuesday, August 25, beginning at 8:30 a.m.

WASWD Fall Conference—the General Manager asked if any of the Commissioners wished to attend the WASWD (Washington Association of Sewer & Water Districts) Fall Conference September 23-15. The Commissioners stated they would check their schedules and let the District know.

Special Meeting for Review of JBLM Proposal—the General Manager asked the Board for a Special Meeting the week of October 12, one week before the JBLM proposal deadline. Again the Commissioners stated they would check their schedules and get back to the District.

With no additional business to address, President Ghilarducci adjourned the meeting at 10:12 a.m.

**LAKWOOD WATER DISTRICT
BOARD OF COMMISSIONERS**

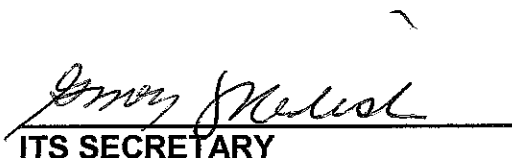
BY:


ITS PRESIDENT

BY:


ITS VICE PRESIDENT

BY:


ITS SECRETARY

ATTEST:


DISTRICT SECRETARY