

**LAKWOOD WATER DISTRICT
BOARD OF COMMISSIONERS
Minutes of Special Meeting
Tuesday, August 25, 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; District Secretary C. Butler; Secretary T. MacDougall; and District engineering consultants G. Peterson of Peterson Resources (formerly CH2M Hill) and M. Larsen of Kennedy/Jenks.

PUBLIC COMMENT:

No members of the public were present.

APPROVAL OF MEETING MINUTES:

Commissioner Korsmo moved to approve the minutes of the July 28 Special Meeting. Commissioner Rediske seconded the motion, and it was passed by a unanimous vote.

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

The General Manager reviewed the history of the Ponders Well Site and how it became an EPA Superfund site. Due to chemical contamination from Plaza Cleaners, treatment began at this site over 30 years ago. At that time, EPA said site should be free of contamination within 15-20 years. It is now estimated it will take 75-100 years to free the site of contamination, yet the treatment facilities at this site have surpassed their life expectancy and are expected to fail if not replaced in the next five years. According to the 2013 report from EPA and in the General Manager's opinion, something needed to be done in the next year or two. If the situation could not be rectified, the District would have to shut down the site, which would have significant impacts on the District, its water system, and its customers.

While the Department of Ecology now has primacy, the EPA is still a viable factor. Both entities joined the District and Department of Health in a series of meetings to discuss treatment options and funding sources. District consultant and Project Manager G. Peterson discussed with the Board a brief summary of the meetings and the three options considered—1) continue the same treatment and replace equipment or evaluate an alternate treatment process to determine a more effective and less expensive treatment that would yield the same results; 2) drill the present wells to deeper levels to bypass the contamination; or 3) drill new wells at a different site. The consensus was there was a need for an analysis to be performed to determine which, if any, was the most viable and cost-effective alternative. That analysis, performed by Kennedy/Jenks, was now complete.

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Mr. Larsen of Kennedy/Jenks presented an overview of the analysis, reporting the pros, cons, and costs of the three treatment alternatives, plus a fourth, hybrid option involving a combination of options 1 and 3. The two key findings were—1) the least-cost, highest-rated alternative is to continue with the pump and treatment program at the Ponders well field; and 2) the opinion of probable cost is \$3,278,000 with an expected level of accuracy of plus 50 percent and minus 30 percent; this estimate is presented based on construction costs for 2015 and the Engineering News Record (ENR) Construction Cost Index for Seattle.

The Board concurred with the findings of the analysis/report. The District will continue to work with the Department of Ecology, EPA, and the Department of Health to secure funding for the needed improvements at this site.

FINANCIAL INFORMATION:

The General Manager presented the July financials to the Board in the Finance Director's absence.

Disbursements made from the General Ledger Fund for check number 34052 through 34167 totaling \$729,014.19, payroll taxes totaling \$51,958.30, salary direct deposits totaling \$137,979.53, electronic vendor payments totaling \$38,578.70, and other electronic payments totaling \$62,200.50, for a grand total of \$1,019,731.22 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 DETERMINATION REGARDING LWD BACKFLOW TESTING:

Commissioner Ghilarducci recused himself from this agenda item due to a conflict of interest. As promised at the July 28 meeting, the General Manager spoke to District legal counsel J. Milne regarding how to handle the District's concerns regarding the tester in question when putting the District's backflow testing out to bid. Mr. Milne attested all testers certified and bonded would be allowed to bid by law. The District, however, could set bidding criteria that would protect the District from unqualified or sub-standard testers, including those with violations or citations and/or those on which the District has documentation of poor performance and/or issues with working with the District's Cross Connection Control Program.

Woodinville Water District recently went through this same process and will share their knowledge and documents regarding their course of action and how they communicated with their customers on the matter. Additionally, Mr. Milne reviewed their documents and advised them through their process, so the District will be able to benefit from that experience and expertise as well.

The District will try this process for two years and evaluate from there. It is anticipated this job will go out to bid in November/December of this year. The subject will be brought back to the Board prior to that time. The Board concurred.

LWD PROPERTY AND LIABILITY INSURANCE RENEWAL:

Renewal premiums for the District's property and liability insurance from underwriter Philadelphia Insurance Companies through long-time District broker Dan DeLorenzo of Bannon, Carlson & Kessel (now Leavitt Group) came in at a 2.5 percent increase over last year (\$94,024 up from \$91,764). The District continues to receive competitive pricing due to the buying power of a number of members of the Regional Water Cooperative of Pierce County (11 including LWD) utilizing the same carrier and broker.

Commissioner Rediske had asked the General Manager if the District could reduce its premiums by reducing the coverage on older vehicles to liability versus full. The General Manager checked with Mr. DeLorenzo on this, and he reported that most entities drop coverage on their vehicles after seven years, basically self-insuring those vehicles. This would result in a savings of \$1,299, bringing the District's annual renewal premiums to \$92,975. The General Manager recommended dropping coverage on District vehicles over seven years old. Commissioner Rediske so moved, Commissioner Korsmo seconded the motion, and it was passed by a unanimous vote.

COMPLETION OF FERGUSON AMI CONTRACT:

The General Manager reported the District was down to settling the final details on this contract, primarily liquidated damages and warranty issues.

These issues were resolved by way of Ferguson 1) covering the Sensus Customer Service Portal integration fee of \$29,893 for 1500 portals; 2) guaranteeing the annual maintenance fee rate of \$8,615 for three years to cover up to 1500 users and 6000 text messages/year; and 3) giving the District a \$10K credit for materials in the District's inventory it had no use for, e.g., old registers, freeze plates, etc.

JBLM PRIVATIZATION UPDATE:

The General Manager reported the District's proposal team was working diligently toward meeting the October 19 submittal deadline despite not receiving answers from JBLM to a number of questions. This is forcing the District to make many assumptions with little choice at this point considering the timeline and the amount of work to be done.

The District had been advised to hire a proposal-writing consultant to clearly compose and lay out the District's proposal in the manner and fashion the military is accustomed to seeing for service-proposed contracts. The District is working with Meridian-West, a highly recommended firm out of Midvale, Utah, to provide this service.

The District had been waiting on word from Pierce County regarding a possible MOU (Memo of Understanding) and recently learned the County was planning to submit a proposal and wanted to have an MOU with both the District and Tacoma Water to be able to work with either utility. The General Manger has a call in to Pierce County Council Member D. Richardson to discuss this matter.

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SUPERINTENDENT'S REPORT:

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

- Contractor South Bay started on the Veteran's Drive Phase 4 R&R Project August 24.
- The walk-through for the I-5 crossing at Seattle Avenue Project would occur later that day, August 25; the project will go out to bid on September 17.
- 2016 will not be as big an R&R project year; approximately \$1M of the \$2.5M R&R 2016 budget will be spent on seismic upgrades on the Steilacoom Tank.
- The preconstruction meeting for the Seismic Improvements Project would be held that afternoon, August 25, at 2:30 p.m.

FINANCE DIRECTOR/OFFICE SUPERVISOR'S REPORT:

The Finance Director/Office Supervisor was not present; no report was provided.

OTHER BUSINESS:

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

WASWD Fall Conference—no one from the District will be attending the WASWD fall conference due to scheduling conflicts.

New District Parking Lot—Asphalt Patch Systems did a great job removing four trees and tree roots and replacing the District's front parking lot August 14-23. The last strip on the north side will be finished August 31 due to leaving that section open to customers to be able to access the USPS mail boxes and the rear parking lot during the construction. In accordance with the Lakewood City tree ordinance, the District will replant four new trees to replace the ones removed, even though the roots of those trees were causing the District parking lot to heave, producing an uneven, unsafe surface for customers, vendors, and staff.

With no additional business to address, the meeting was adjourned at 10:05 a.m.

**LAKWOOD WATER DISTRICT
BOARD OF COMMISSIONERS**

BY:



ITS PRESIDENT

BY:



ITS VICE PRESIDENT

BY:



ITS SECRETARY

ATTEST:



DISTRICT SECRETARY