

**LAKWOOD WATER DISTRICT
BOARD OF COMMISSIONERS
Minutes of Special Meeting
Thursday, August 25, 2016**

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; and M. Larson of Kennedy/Jenks, engineering consultant on the Ponders Well Site project.

PUBLIC COMMENT:

No members of the public were present.

APPROVAL OF MEETING MINUTES:

Commissioner Rediske moved to approve the minutes of the July 21, 2016 Regular Meeting. Commissioner Korsmo seconded the motion, and it was passed by a unanimous vote.

FINANCIAL INFORMATION:

The Finance Director presented the July financials to the Board.

Disbursements made from the General Ledger Fund for check number 35527 through 35676 totaling \$531,515.88, payroll taxes totaling \$51,740.79, salary direct deposits totaling \$130,808.04, and other electronic payments totaling \$103,903.58, for a grand total of \$817,968.29 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.

PROJECT UPDATES BY GENERAL MANAGER:

Ponders Well Site—

The General Manager introduced M. Larson of Kennedy/Jenks to discuss with the Board his report regarding the analysis and assessment of three treatment options for the Ponders Well Site. District staff, consultants, and the Department of Ecology (DOE) were involved in the process, with the primary areas of focus being effectiveness, efficiency, maintenance and operation, and costs. It was determined that aeration stripping through towers (the current form of water treatment at the site) would be the most efficient, effective, and cost-effective option going forward.

An additional recommendation by Kennedy/Jenks was to invest a little more money into stainless steel air stripping towers versus the current fiberglass stripping towers, in that the stainless steel towers would last for perhaps 50-60 years compared to 35 years for fiberglass. The District's team discussed this increased cost option with the Department of Ecology, and DOE was supportive of the increased cost and stated it would make every

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effort to obtain the additional funds needed during the upcoming legislative session. Therefore, the District submitted a request for an additional \$500K to cover the stainless steel towers, an emergency generator if needed, and taxes and overhead.

The General Manager asked for the Board's concurrence to proceed with the air-stripping treatment option with stainless steel towers. He further stated he believed it would be in the best interest of District customers and rate-payers to invest in the stainless steel tanks, regardless of whether or not the additional funding needed was obtained from DOE. The Board unanimously concurred.

Wholesale Transmission Main Extension—

A progress report received from RH2 showed most recent activity had been mainly behind the scenes with RH2 Engineers, with good progress and a draft of their findings and recommendations anticipated by mid to late September.

City of Lakewood Hazardous Tree Removal Process—

The District received a letter from Community Development Director, D. Bugher outlining procedures for tree removal within the City limits. After reviewing the letter with District staff, a few questions and areas of needed clarity were identified. The District has requested a meeting to address these matters and is waiting for a response from the City regarding a date and time to meet.

Cross Connection Control Interlocal Agreement with the City of Lakewood—

The Lakewood City Council discussed the Interlocal Agreement (ILA) between the City and the District at a work study session held the evening of August 25. Community Development Director, D. Bugher felt he had enough information to adequately discuss the agreement with the Council and did not feel he needed the District General Manager to be present. However, more questions and comments were presented by the Council than Mr. Bugher was able to answer and, thus, the matter was tabled for another City work study session.

Since then, the General Manager wrote and sent to Mr. Bugher a four-page memo outlining the relationship the District has had with the City regarding cross connection, pointing out the City's obligation to cover cross connection, and how the District could continue handling cross connection for the City via the ILA moving forward. The Board requested to see a copy of the memo, and the General Manager said he would send it to each Board member later that day.

The General Manager will keep the Board apprised of this matter and, when the Council reschedules the review of the agreement, the General Manager will be present to help facilitate any questions or comments.

BOARD ADOPTION OF RESOLUTION NO. B-1437—VACATION ROLLOVER AND CASH-OUT POLICY:

The General Manager presented for the Board's review and adoption Resolution No. B-1437 and Vacation Rollover and Cash-out Policy per the direction given by the Board at the July 21 meeting. The policy included one recommended modification to allow newer employees to also be able to benefit from the policy (see point #4 below).

The proposed policy reflected the following key points from the Board:

1. At December 31 of any given year, an employee will be allowed to maintain and roll over up to 80 hours of vacation.
2. By December 1 of any given year, any request for vacation hours to be cashed out, up to a maximum of 40 hours, must be submitted in writing and is subject to approval by the General Manager. All vacation cash-outs will be paid in December's payroll.
3. An employee of five years' or more employment with the District is eligible for vacation rollover or cash-out after using a minimum of 80 hours of vacation in that year.
4. An employee of one to four years' employment with the District is eligible for vacation rollover or cash-out after using a minimum of 40 hours of vacation in that year.
5. On December 31 of each year, any accrued vacation exceeding 80 hours will be forfeited unless otherwise approved by the General Manager for rollover under certain extenuating circumstances.

The General Manager recommended the Board adopt Resolution No. B-1437, approving the District's Vacation Rollover and Cash-out Policy, effective September 1, 2016. All future updates and/or modifications to the policy will be presented to the Board for approval by motion before being enacted.

Commissioner Rediske moved to adopt Resolution No. B-1437 and approve the District's Vacation Rollover and Cash-out Policy. Commissioner Korsmo seconded the motion, and it was passed by a unanimous vote.

DISTRICT LIABILITY INSURANCE RENEWAL—

The District's liability insurance renewal date is September 1. The General Manager presented to and discussed with the Board this year's renewal summary as prepared by broker D. DeLorenzo of Leavitt Group, formerly known as Bannon, Carlson & Kessel. The renewal reflected a 4.2 percent increase over last year's premiums. The General Manager stated this increase and premium cost was lower than the average due to the economies of scale enjoyed by the pool of a number of water purveyors in the Water Cooperative of Pierce County.

Commissioner Rediske asked what the average increase/premium cost was in the industry. The General Manager did not know that detail but stated he would invite Mr. DeLorenzo to a future meeting to address the Board on this and any other question or concern. As the District's broker, Mr. DeLorenzo shops the market each year to endeavor to provide the best coverage for the best price.

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Commissioner Korsmo stated most companies do not utilize one carrier for all coverages and that insurance prices had been decreasing rather than increasing. Again, Mr. DeLorenzo would be able to provide a knowledgeable, informed response to these questions or concerns. Commissioner Korsmo stated he felt the District should shop carriers every couple of years and shop agencies every 4-5 years.

Commissioner Rediske moved to approve the 2016-2017 renewal of the District's liability insurance. 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. Supplemental to that report, the District was in the process of determining the delay and impact costs for the Seattle Avenue project, hopeful that underages/savings from material changes would balance out delay costs. The owner and lead of contractor R. L. Alia had suffered a stroke, was incapacitated, and the son was doing his best to step in but having a difficult time.

The Superintendent reviewed with the Board a current budget vs actual costs comparison for District projects.

FINANCE DIRECTOR/OFFICE SUPERVISOR'S REPORT:

The 2017 Budget Kickoff occurred August 30, and the District's budget team is off and running.

The District offered the Senior Accounting Lead position to L. Voigt. Additionally, the District will need to fill the Accounting Specialist I position, as V. Buckley gave notice, her last day being August 31. The District offered the ASI position to S. Ferreira, the present Senior Accountant and Lead, but she declined the offer. Ms. Ferreira is, however, willing to stay with the District as long as needed to train new staff.

The General Manager stated he would like to offer Ms. Ferreira three months' severance pay for her extra efforts and agreement to stay at the District beyond her retirement date of November 30. The General Manager will bring numbers to discuss with the Board at the September meeting.

OTHER BUSINESS:

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

Reschedule of September BOC Meeting—Due to vacation and conference schedules, the General Manager asked if the September Board of Commissioner Regular Meeting could be rescheduled to a Special Meeting on Thursday, September 29 at 8:30 a.m. The Board concurred.

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EXECUTIVE SESSION per RCW 42.30.110(1)(i):

President Ghilarducci called for a 10-minute Executive Session to commence at 9:30 a.m. At 9:40 a.m., the Executive Session concluded, and the open Special Meeting resumed. No action was taken by the Board.

EXECUTIVE SESSION per RCW 42.30.110(1)(g):

President Ghilarducci called for a 20-minute Executive Session at 9:40 a.m. At 10 a.m., the Executive Session concluded, and President Ghilarducci called for an additional 20-minute Executive Session. At 10:20 a.m., the Executive Session concluded, and the open Special Meeting resumed. No Board action was taken.

With no additional business to address, President Ghilarducci adjourned the meeting at 10:22 a.m.

**LAKWOOD WATER DISTRICT
BOARD OF COMMISSIONERS**

BY:


ITS PRESIDENT

BY:


ITS VICE PRESIDENT

BY:


ITS SECRETARY

ATTEST:


DISTRICT SECRETARY