

**LAKWOOD WATER DISTRICT  
BOARD OF COMMISSIONERS  
Minutes of Special Meeting  
Thursday, September 25, 2014**

The Special Meeting was called to order at 8:45 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; and District Secretary C. Butler.

**PUBLIC COMMENT:**

No members of the public were present.

**APPROVAL OF MEETING MINUTES:**

Commissioner Rediske moved to approve the minutes of the September 4, 2014 Special Meeting as amended later in the meeting. Commissioner Korsmo seconded the motion, and it was passed by a unanimous vote.

**FINANCIAL INFORMATION:**

The Finance Director presented the August financials to the Board.

Disbursements made from the General Ledger Fund for check number 32660 through 32767 totaling \$600,170.54, payroll taxes totaling \$49,315.72, salary direct deposits totaling \$130,131.69, and electronic payments totaling 45,953.71, for a grand total of \$825,571.66 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.

**REVISED GFCs FOR BOARD CONSIDERATION AND DIRECTION:**

Proposed revised GFC charges were presented to the Board for consideration. The District's GFCs had not been revised since 2007. The General Manager and Finance Director explained to the Board the methodology and the various components of the calculations.

The methodology was adjusted in the updated GFCs to include future costs and future customers, where future customers would help pay for part of what had been developed before them but being benefited from now and paying for their future share. Fire meters and equivalent units were included in the calculation because they are charged a fee. Where a private fire meter would not be charged a GFC, that component would be taken out. The future cost basis includes only capacity-enhancing projects and divided by future customers only. All R&R-related work is deducted since the original asset is in the existing cost basis.

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The new proposed GFC for a 5/8" meter came in at approximately double the cost from the 2007 calculations. The General Manager recommended phasing in this approximate \$1500 increase, and all meter increases, gradually in three increments over 2015, 2016, and 2017. This would all be in keeping with the District's Comprehensive Water System Plan and would also be in keeping with the City of Lakewood's request of the District to not discourage development with high GFC charges and fees.

A comparison of General Facilities Charges comparison with other water districts and utilities in both Pierce and King Counties showed the District to be competitive, placing in the low to middle range, coming in at \$3,317 for a 5/8-inch meter GFC compared to GFCs ranging from \$1,549 for a very small local water utility to \$9,727 for a water district comparable in size not far from the District.

The General Manager further recommended the first \$500 increment be effective January 1, 2015, presenting the resolution for adoption of this plan to the Board at the October Board meeting. This would give the District's customers the customary 60-day notice and give developers an opportunity to commence development prior to January 1 to save GFC costs. The Board concurred with the General Manager's recommendations.

**MODIFIED FEE SCHEDULE FOR NEW WATER SERVICES:**

The Board was presented with a proposed revised water service connection price list with a recommended January 1, 2015 effective date, again, to give District customers the customary 60-day notice. The new proposed prices included increases from a 37 percent increase for 5/8-inch meters to a 3.3 percent increase for 1½-inch meters. The primary cause of the increase was the need for increased sized meter boxes to accommodate the radio units for the new meters in the Meter Replacement Program.

This price list along with a resolution to adopt the new prices will come to the Board at the October meeting for approval and adoption. These new prices will affect new development and meter size changes. The District has been managing its costs very well in this area of service connection installation, currently at a profit of \$11K for the year. The General Manager shared these prices will be reviewed every two years, monitoring the District's costs and passing on any increases to its customers to continue to keep the District in a positive revenue position.

**ON-CALL PROCEDURE CHANGES:**

The General Manager presented a summary of a few minor changes to the District's On-call procedures discussed at the August 21, 2014 meeting. Once the District obtains the notebooks, Ipads, or laptops for its field staff and gets those procedural components established, the On-call procedures will be finalized and presented to the Board.

The modifications include 1) an increased daily compensation for Regular On-call and Pumping Backup On-call from \$25 to \$35; 2) a new daily compensation of \$50 for Advanced On-call staff who will qualify for this compensation by passing a competency

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test and not requiring Pumping Backup On-call; and 3) adjusted radius response requirements. On-call staff will still be required to be able to respond to an emergency within 30 minutes, but only have to arrive at the District boundaries. Due to new traffic challenges especially on Friday evenings going south on I-5 from the District past the JBLM gate, the District is proposing to allow employees who live just outside the 30-minute response time or live within the 30-minute boundaries but would be delayed due to traffic, to stay at the District Annex while on call or make other arrangements as directed and approved by the General Manager.

**UPDATED ON PURCHASE OF 4205-4215 108<sup>TH</sup> STREET PROPERTY:**

The General Manager reported the environmental work had been completed on the new property on 108<sup>th</sup> Street by Spectrum Northwest. A Phase 1 Environmental Study showed the buildings to be relatively clean, with no significant asbestos findings. All soil sampling came back negative. RH2 Engineering established there were no easement challenges, with nothing to inhibit the District from building anywhere on the property.

The property owners agreed to the District's terms as outlined in Commissioner Kormo's motion at the September 4, 2014 meeting; namely, the owner will pay the excise tax, all fees associated in dealing with entities in California and the Philippines, and half the closing costs.

In the Purchase and Sale Agreement, it stated the property would be sold "as is." Therefore, the District will pay for Spectrum Northwest's services. The General Manager believed the abatement services would come in at approximately \$10-12K plus \$7,760 for the environmental study.

The General Manger recommended the Board finalize the purchase of the property. Commissioner Rediske moved to finalize the purchase of the property. Commissioner Korsmo seconded the motion, and it was passed by a unanimous vote.

**BOARD ACCEPTANCE OF I-5 AT ORIENT STREET PROJECT:**

The General Manager presented the I-5 at Orient Street Project to the Board as completed and, along with the Superintendent, recommended the Board accept it as same. Commissioner Rediske moved to accept the 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. Supplemental to this report, the Superintendent relayed staff involved in the Meter Replacement Program had been doing a superlative job, making the transition as seamless as possible. These staff members include Billing Specialist B. Cash, Customer Service Representative II D. Funderburk, meter installation inspector S. Jorgensen, Assistant Office Supervisor T. MacDougall, and IT Tech P. Kang. Approximately 3000 meters had been replaced at the time of this report.

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The Superintendent discussed with the Board going from paper service orders to electronic work order management software. He had interviewed two of three software vendors, City Works and Clevest (Lucity still to be interviewed). This service order management software would be active and move through to the account, not just providing a digital copy as previously discussed in the field tablet application. This would provide increased efficiency levels. With this software, you could track technicians, tell who was closest in an emergency, offer routing options, etc. It also includes inventory control and pricing.

The Superintendent will compile a recommendation by the end of the year. In the meantime, the District is putting the tablets and digitation process on hold. In the 2015 Budget process, all information will be considered and the most productive option for the District recommended.

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

The Office Supervisor reported District software owner, E. Aschermann of emGov Power had really stepped up in providing significant and timely assistance to the District in getting the AMI system to "talk" properly to the District's billing software.

The Finance Director and Senior Accountant again attended the annual Washington Finance Officers' Association conference the week of September 15 and once again reported it to be valuable and beneficial. One point of note was that a lot more scrutiny was being placed on bonds issued by municipalities resulting in increased reporting.

A State Auditor's Office representative is schedule to perform the District's audit in October of this year. This process will have to be completed by year's end due to the required bond reporting.

**OTHER BUSINESS:**

**Board Acknowledgement of Employee Wage Increases**—the Board acknowledged annual wage increases for employees C. Bledsoe and A. Dickens and salary adjustments for S. Bosma, A. Dickens, D. Funderburk, and S. Rae.

**Confirm dates/times**—the Open Government Training and Key Bank Bonds 101 is scheduled for Tuesday, October 7, at 8:30 a.m., the Budget Workshop is scheduled for Thursday, October 16, at 8:30 a.m., and the regular October meeting was rescheduled as a Special Meeting to be held October 30, 2014 at 3:30 p.m.

**Report on Position Openings**—the General Manager updated the Board on two openings at the District—that of Crew Leader/Equipment Operator and Water Quality/Cross Connection Control Specialist. Only 27 applications were received, and two of those were from present staff members who wanted to move up to the Water Quality/Cross Connection Specialist position. He shared this is indicative of what is happening across the country in the water industry—few applicants available with skill and experience and having to pay more for that skill and ability with a tight supply market; conversely, there are next to none young people up and coming in the field. There presently is a 10+-year gap between staff of 13-20 years and 1-3 years.

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The District hired C. Bullard as the new Crew Leader/Equipment Operator at \$6000/month and promoted W. Slemp of the present staff to Water Quality/Cross Connection Control Specialist at \$5000/month. A member of the Service Crew would fill Mr. Slemp's present position the Pumping Department, so that left a deficit in the construction/maintenance & operations staff. To fill that deficit, along with providing an additional equipment operator, the District hired the second runner up to the Crew Leader/Equipment Operator position, E. Schwind, as an Equipment Operator at \$5500/month. Mr. Schwind was making \$5800/month at the City of Renton as a Maintenance Lead.

The General Manager stated the District may want to consider a philosophy change to be able to get to all the work and maintenance needed at the District and have enough manpower to be able to cross-train the field staff. While at the 2014 Budget time there was no plan to replace the Construction Inspector when he retired June 2015, it was now obvious the District would need that manpower to cover the work. The 2015 Budget already showed an approximate 6000-hour shortfall in field staff manpower. He stated he would discuss this dilemma in more detail at the Budget Workshop, along with recommendations of how to address the matter at the District.

**EXECUTIVE SESSION per RCW 42.30.110(1)(g)**—President Ghilarducci called for a 15-minute Executive Session at 10:20 a.m. to discuss the performance of an employee. At 10:35 a.m., President Ghilarducci called for an additional five minutes of Executive Session, concluding at 10:40 a.m. At the conclusion of the Executive Session, the Board concurred with the General Manager's recommendation to award the Superintendent an additional week of vacation. Commissioner Korsmo so moved, Commissioner Rediske seconded the motion, and it was passed by a unanimous vote.

With no additional business to address, President Ghilarducci adjourned the meeting at 10:40 a.m.

**LAKWOOD WATER DISTRICT  
BOARD OF COMMISSIONERS**

**BY:**

  
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**ITS PRESIDENT**

**BY:**

  
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**ITS VICE PRESIDENT**

**BY:**

  
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**ITS SECRETARY**

**ATTEST:**

  
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**DISTRICT SECRETARY**