

**LAKWOOD WATER DISTRICT  
BOARD OF COMMISSIONERS  
Minutes of Special Meeting  
Thursday, September 29, 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 new-hires T. Tiffany, L. Voigt, and K. Wyckoff.

**INTRODUCTION OF NEW STAFF:**

New-hires T. Tiffany (Accounting Specialist I), L. Voigt (Senior Accounting Lead), and K. Wyckoff (GIS Technician) were introduced to the Board; Ms. Tiffany and Ms. Voigt stayed for a portion of the agenda.

**PUBLIC COMMENT:**

No members of the public were present.

**APPROVAL OF MEETING MINUTES:**

Commissioner Rediske moved to approve the minutes of the August 25, 2016 Special 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 35677 through 35808 totaling \$608,560.30, payroll taxes totaling \$52,199.96, salary direct deposits totaling \$131,277.15, and other electronic payments totaling \$100,493.70, for a grand total of \$892,531.11 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.

**2017 BUDGET UPDATE:**

The General Manager reported the 2017 Budget process was well under way and going well; however, there were a number of areas where budgetary levels needed to be set in light of unknowns. Such areas included JBLM, the Wholesale Transmission Main Extension, and the replacement of Ponders Well Site treatment facilities.

**JBLM**—the General Manager suggested the District would need to budget administrative and consultant costs if selected for negotiations in 2017. If the District won the contract, those costs would be recovered; if the District did not win the contract, those costs would be absorbed by the District.

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**WTME**—whether or not the Wholesale Transmission Main Extension (extending the present WTM to connect to Rainier View and Firgrove) is built in 2017 presently hinges on RH2 Engineering's analysis and projected cost estimates and the supplemental determinations of the wholesale partners to accept or reject them or phase it in over time. Rainier View wants to build the WTME regardless of when/if Firgrove contracts with the District to buy wholesale water. This is to avoid having to pay Tacoma Water's prices again this coming summer as they had to absorb last summer. RH2's analysis is scheduled to be completed by November 1, 2016. The General Manager suggested the District might need a contingency budget for the District's portion of the project, at 15-20 percent for engineering and administrative costs.

**Ponders Well Site Facilities Replacement**—it has been anticipated the legislature will grant the remaining \$1M of the \$2.5M originally budgeted for this project after awarding the initial \$1.5M last year. In the meantime, the request has increased to \$1.5M to cover the upgrade to stainless steel towers, an emergency generator if needed, costs for keeping the old site in service until the new one is built, and taxes and overhead. While Department of Ecology is in favor of the granting the additional funds for the stainless steel towers, in that they will last 50-60 years versus 35, the request still has to go through the State's budget process. The General Manager strongly anticipates receiving the additional funds based on what has been reported to us by our legislators and lobbyist; however, if the additional funding is not granted by the State, the District will have to make up the difference.

The theme of the 2017 Budget will have an emphasis on planning. It will include a 40-year forecast for the potential replacement of tanks, wells, and associated source and storage costs, along with various options for consideration. The District may want to look at a long-time fixed revenue plan to pay for these capital improvements, such as is in place for the District's 50-year R&R Program. An outline of this will be presented at the Budget Workshop on October 28 beginning at 8:30 a.m. As a side note, Commissioner Korsmo asked for a report reflecting where the District is, now three years into the 50-year R&R Program.

Another focus of the 2017 Budget and beyond will be bringing in replacements for key positions/areas to receive adequate training before the current staff members retire. There is no retirement slated for 2017; however, S. Ferreira, current Senior Accountant/Accounting Lead, will be retiring December 31, 2016, and the payout of her accrued but unused vacation and sick leave will occur in 2017. Department Head D. Hall will be retiring in mid-2018, and the District may need to hire an engineer prior to his departure, in addition to Mr. Hall committing as much of his institutional knowledge to his successor as Department Head, D. Stanley, as possible.

Finance Director D. Logan presented a summary of the 2017 Income Statement, comparing 2016 numbers to 2014 as it relates to water usage revenue. The District will utilize the more conservative numbers for the actual/forecast consumption revenue in the 2017 Budget, disregarding 2015 numbers as 2015 was a spike year.



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Some additional factors affecting revenue in 2016 versus 2017 include the amount of wholesale water Summit Water & Supply Co. will take in 2017, the District's Cross Connection Control Program with the City of Lakewood, and the renewal of the Town of Steilacoom's wholesale contract with the District in 2017. The District will be checking with Summit General Manager D. Scott to obtain their estimated 2017 wholesale water demand. The Cross Connection Control Program with the City was budgeted for 2016 but did not come into fruition. It is expected to be in operation by early 2017. The District's wholesale water contract with the Town of Steilacoom is up for renewal in April 2017. The District will be proposing bringing the terms and costs of that contract up to levels commensurate with the District's other wholesale partners.

**BOARD ACKNOWLEDGEMENT OF DISPOSAL OF SURPLUS RADIOS:**

The District purchased new radios in 2016 for improved radio transmission of information between staff in the field and in the office. The old radios were increasing in static and decreasing in functionality. A list of the old radios, valued at less than \$2500 and of no further use/value to the District, was presented to the Board to declare as surplus and approve their supplemental sale at the State surplus auction through the Department of Enterprise. Commissioner Rediske moved to declare the radios as surplus and approve for their sale at the State auction. Commissioner Korsmo seconded the motion, and it was passed by a unanimous vote.

**CONDITIONAL FINAL ACCEPTANCE OF AMERICAN LAKE GARDENS TANK RECOATING PROJECT:**

A memo was presented to the Board from Superintendent I. Black, recommending and requesting the Board grant Conditional Final Acceptance to J&L Company Northeast Inc. for their work on this project. Final acceptance of this project would be dependent upon the final completion of any remaining work, including all punch list items and receipt of the final clearance documents from the Taxing authorities that all taxes, fees, and payrolls had been paid and the contract had been cleared. The General Manager joined the Superintendent in the recommendation. Commissioner Rediske moved to grant the Conditional Final Acceptance to J&L Company Northeast for the American Lake Gardens Tank Recoating Project. Commissioner Korsmo seconded the motion, and it was passed by a unanimous vote.

**PROJECT UPDATES BY THE GENERAL MANAGER:**

**WTME**—as reported earlier in the agenda, the analysis and report from RH2 should arrive by November 1, mapping out the proposed 7-mile route of the Wholesale Transmission Main Extension of 20 or 24-inch pipe to be able connect with Rainier View Water Company.

**Ponders Well Site Facilities Replacement**—per the Board's approval at the August 25 Special Meeting, the District is moving forward with the plan to upgrade the replacement towers from asbestos to stainless steel, for an increased life expectancy of 15-20 years.



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**Hazard Tree Removal in City of Lakewood**—the District continues to wait for a meeting date and time to meet with the City to gain additional information and clarification regarding the City's letter outlining procedures for tree removal. City staff has been very busy in the budget process, and it may be later in October or early in November before they will be able to meet with the District on this matter.

**Cross Connection Control Program with City of Lakewood**—since the August 25 meeting, the General Manager met with Community Development Director D. Bugher and Building Official N. Craig of the City of Lakewood to discuss the District's four-page memo on the facts concerning premise and in-premise backflow protection, the District's responsibility and the City's, and how to proceed with getting this matter back in front of the City Council. Mr. Bugher stated he would write a memo to the City Council, utilizing information contained in the District's memo, to resolve questions the Council had. Mr. Bugher will present a draft to the General Manager for review and comment before forwarding to the Council. He restated that the City was very busy with the budget process and felt this matter could be slated for a study session with the Council in the next month or so. He will keep the General Manager informed so that he is able to attend the study session.

**SUPERINTENDENT'S REPORT:**

The Superintendent's Report was provided to the Board in its entirety in the pre-agenda packets. Supplemental to the report, the Superintendent stated the District had reached an agreement with contractor R. L. Alia on the Seattle Avenue Project regarding the change order for the delays in construction, paying \$5K versus the initial \$61K requested by Alia.

The water portion of the South Tacoma Way Project in conjunction with the City of Lakewood is complete; the City's portion is expected to be completed in the next couple weeks or middle of October at the latest. The Bridgeport Way Project, also in conjunction with the City, was basically complete; the City was just finishing the restoration on the project.

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

A new representative from the State Auditor's Office will be arriving at the District on October 17 to commence the 2015 Audit. At this time, the Finance Director/Office Supervisor officially welcomed new employees T. Tiffany and L. Voigt, and they excused themselves from the meeting.

**OTHER BUSINESS:**

**Board Acknowledgement of Employee Wage Increases**—the Board acknowledged increases for employees C. Bledsoe and A. Dickens.

**Reschedule of October 20 Regular Board of Commissioner Meeting**—with the Budget Workshop occurring on October 20, the Regular Meeting scheduled for that day was rescheduled as a Special Meeting to be held October 27, beginning at 8:30 a.m.

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**Reschedule of December 15 Regular Board of Commissioner Meeting**—due to the lay of the December calendar and the 2017 Budget process, the December 15 meeting was rescheduled as a Special Meeting to be held December 21, beginning at 3:30 p.m.

**Possible Severance for S. Ferreira**—The General Manager reported Senior Accountant/Accounting Lead S. Ferreira had volunteered to stay at the District beyond her retirement date of December 31, 2016 in light of the recent, unexpected departure of the District's Accounting Specialist I and recent new-hire replacement for that position as well as hers. She further offered to work for the District part-time as long as there was a need for her services. In light of that, the General Manager recommended one month's salary without benefit be offered to Ms. Ferreira as severance if her services were needed beyond her planned retirement date. The Board concurred.

With no additional business to address, President Ghilarducci adjourned the meeting at 9:35 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**