

**LAKWOOD WATER DISTRICT
BOARD OF COMMISSIONERS
Minutes of Regular Meeting
Thursday, October 15, 2015**

The Regular Meeting was called to order at 3:30 p.m. at the District office. Present at the meeting: Commissioners L. R. Ghilarducci, Jr., J. S. Korsmo, Jr., and 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 17, 2015 Regular Meeting. Commissioner Korsmo seconded the motion, and it was passed by a unanimous vote.

FINANCIAL INFORMATION:

The Finance Director presented the September financials to the Board.

Disbursements made from the General Ledger Fund for check number 34280 through 34438 totaling \$563,421.84, salary direct deposits totaling \$130,941.42, payroll taxes totaling \$49,393.00, and electronic payments totaling \$97,423.33, for a grand total of \$841,179.59 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.

2016 BUDGET UPDATE:

The General Manager reminded the Board a budget workshop was not planned this year primarily due to the fact there was nothing out of the ordinary planned for the upcoming 2016 Budget. There was, however, going to be some stress on the planned increase for 2016 being more than previously forecasted in the 2015 Budget.

One factor causing this stress was the need to retain temporary employee C. Pulk through 2015 to cover the workload and provide needed cross-training for staff in light of the retirement of the District's Construction Inspector M. Landon. The District had planned to not need to fill that vacancy. While Mr. Pulk's salary level is significantly lower than a veteran's of 30 years, it has still provided unplanned stress on the budget and therefore the corresponding rate increase. Further, given events in the past year surrounding pay increases and needed cross-training for staff in order to have educated and experienced staff in various areas/levels as necessary for the District, the General Manager suggested Mr. Pulk be hired as a permanent employee in 2016.

Another contributor to the stress on the budget is the postponed retirement of Department Head D. Hall, planned for 2016, now rescheduled for 2018. While this is actually a benefit to the District at this time, it nonetheless has required funds beyond those planned or

Board of Commissioners Meeting Minutes

October 15, 2015

Page 2

budgeted. The General Manager stated there were some additional minor issues also impacting rates that would be discussed with the presentation of the draft budget in November. The General Manager stated he did not yet have final numbers but estimated the forecasted 3-4 percent rate increase for 2016 could actually be somewhere between 4 to 6%.

Another component of the 2016 Budget to discuss and determine is additional training time needed for new staff. It recently became known that two additional employees will be retiring over the course of the next five years, bringing the total to 10 employees retiring from the District in the next seven years. Some of these positions are critical positions, such as Finance Director, Senior Accountant, Pumping and Water Treatment Department Head, Superintendent, and Executive Assistant.

Because of the level of these positions, the General Manager felt there is more than likely going to be the need to bring new staff in early and duplicate those positions in order to sufficiently evaluate and ensure those positions can be fulfilled by the replacements chosen. While additional information will be provided to the Board at the February 2016 meeting under the Succession Plan update, the General Manager wanted to bring this to the Board's attention now, as the District will have such a situation in 2016. Senior Accountant S. Ferreira will be retiring at the end of 2016. There could be the need for a minimum of 6 to 8 months of training needed.

The Draft Budget will be presented to the Board at the November 19 Regular Meeting.

UPDATE ON INTER-LOCAL AGREEMENT WITH CITY OF LAKEWOOD re. IN-PREMISE ISOLATION BACKFLOW DEVICES:

The Board had been previously provided with a copy of the draft interlocal agreement reviewed and approved of by District legal counsel John Milne. The draft agreement had been sent to the City for approval by the City Council, and it was anticipated the agreement would be before the Board for approval at the November 19 Commissioners' meeting. The Board has the opportunity to offer any comments between now and the November meeting; it is anticipated the City will adopt the interlocal agreement the second week in November.

JBLM PRIVATIZATION UPDATE:

The General Manager reported a good majority of the work had been completed in preparing the District's proposal for the privatization of the JBLM water system. District staff are now reviewing and wordsmithing the various components, and Meridian West, the proofing and editing company, is working through the proposal.

The General Manager reported from meetings with Pierce County Councilmember Doug Richardson that the County plans to submit two JBLM proposals—one for sewer and one for water/sewer—and is proposing a \$1 million budget for the two proposals. The General Manager expressed having many concerns in relation to the County's ability to effectively and efficiently run a water system. The County has two very small systems but operates neither of them—the Narrows Airport water system, operated by a private

Board of Commissioners Meeting Minutes

October 15, 2015

Page 3

company called Northwest Water Systems, and the Anderson Island dock facilities. The Narrows Airport system is a Group A system (15 connections or more), and the Anderson Island dock facilities is a Group B system (15 connections or less).

As reported in previous Commissioner meetings, the District has tried a number of times to see if the County would be interested in a partnership, whereby the County would provide the sewer and the District would provide the water service to JBLM in the hopes that a one-contractor relationship with the military would be preferable over two contractors providing services separately to JBLM. The General Manager had discussions with the County's Director of Public Works at the direction of Councilmember Richardson to share his concerns. The Public Works Director stated the consultant hired by the County is assuring them they would be qualified to do both water and sewer and, while they understand the District's desire to partner, at this point, the County is not interested.

There will be a Special Meeting October 29 to present and discuss the District's proposal with the Board and District consultants. The meeting will begin at 8:30 a.m. and is expected to last at least three hours. The proposal will come before the Board at the November meeting for approval/adoption.

BOARD ADOPTION OF RESOLUTION NO. B-1424:

Resolution No. B-1424 was presented to the Board for adoption. This resolution officialized the Board's decision at the September 17 meeting to allow the District staff to close the office from 1-5 p.m. on a designated day for a holiday luncheon each year around the Christmas season. Each year the General Manager will come to the Board with the proposed date. Commissioner Rediske moved to adopt Resolution No. B-1424. 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 related the Veterans Phase 4 R&R Project was about two weeks away from completion, the District just had the pre-construction meeting with the contractor and the County on the I-5 at Seattle Avenue Project, and the Bridgeport Way project in conjunction with the City of Lakewood is scheduled to advertise in November. The South Tacoma Way project with the City will most likely begin next year, but the City is stating it will advertise before November of this year. The District is hoping to begin the Walker Ridge project, installing 1800 feet of water main and 43 services behind Lakes High School.

FINANCE DIRECTOR/OFFICE SUPERVISOR'S REPORT:

The Finance Director reported the auditors were on site and progressing well with the 2014 Audit; the audit was on schedule to be substantially completed by end of business on Friday, October 16, and the Audit Exit Conference will be scheduled shortly thereafter.

The Budget Team is hard at work on the 2016 Budget as reported earlier in the meeting by the General Manager.

Board of Commissioners Meeting Minutes

October 15, 2015

Page 4

District reserves are presently at \$4.5M; bonding companies recommend they be at \$7-10M.

OTHER BUSINESS:

Board Acknowledgement of Employee Wage Increases—the Board acknowledged annual wage increases for C. Bullard and E. Schwind.

Reminder of October 29 Special Meeting at 8:30 a.m.—the General Manager again reminded the Board of the October 29 Special Meeting where the District's JBLM proposal will be presented and discussed with consultants present. The meeting is anticipated to last at least three hours, but the General Manager promised the Board it would not go past noon, so the Board could schedule their other responsibilities accordingly.

District Exercise Room—the General Manager reported the District now has an exercise area downstairs with various pieces of equipment, some donated by District staff, some purchased with savings from the parking lot paving project. This would be a valuable asset and opportunity for employee wellness and good health and a convenient, safe opportunity for staff to exercise. A waiver is signed by each participating employee, protecting the District from liability.

With no additional business to address, President Ghilarducci adjourned the meeting at 4:40 p.m.

**LAKWOOD WATER DISTRICT
BOARD OF COMMISSIONERS**

BY:




ITS PRESIDENT

BY:



ITS VICE PRESIDENT

BY:



ITS SECRETARY

ATTEST:



DISTRICT SECRETARY