

**LAKWOOD WATER DISTRICT
BOARD OF COMMISSIONERS
Minutes of Special Meeting
Thursday, October 27, 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; 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 29, 2016 Special 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 35809 through 35940 totaling \$988,178.52, payroll taxes totaling \$51,133.16, payroll direct deposits totaling \$133,201.86, and other electronic payments totaling \$120,697.94, for a grand total of \$1,293,211.48 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 thanked the Board for the very productive Budget Workshop on October 10 and stated the Budget Team was moving along nicely with the Board's input and direction. He stated there was nothing new to report since the Budget Workshop but asked if the Board had any questions or additional input since the workshop. The 2017 Draft Budget will be presented at the November 17 Regular Meeting and, as always, public notice of the presentation of both the 2017 Draft and Final Budget will be published in *The News Tribune* the week prior of each presentation.

PROJECT UPDATES BY GENERAL MANAGER:

Ponders Well Site—

Things are moving along on this project. M. Larsen submitted the application and \$150 fee for the City of Lakewood Development Review Committee meeting the day prior to the meeting, October 26.

Wholesale Transmission Main Extension—

Rainier View Water Company definitely wants this extension done, so they can receive wholesale from LWD and avoid the much higher prices of Tacoma Water. This may provide incentive to help propel the project forward and make it all the more attractive for the other wholesale customers along the route to either begin taking water (e.g., Spanaway and Rainier View) or take more water (e.g., Summit). Again, all of the District's wholesale partners are in favor of having the WTME installed. As stated at the September 29 Commissioners' meeting, the report from RH2 Engineering is still due to be completed by November 1.

Commissioner Rediske asked what would happen if the WTME installation and JBLM privatization project would occur at the same time. The General Manager stated the WTME should be well underway and/or completed by the time it would be time to actually take over the water systems at JBLM. As reported at the October 10 Budget Workshop, the Defense Contract Audit Agency has been asking financial accounting questions. The District has answered all their questions; the District does not yet know when any details regarding the award of the project will become known. As always, the General Manager and management staff will keep the Board updated and informed.

City of Lakewood Hazard Tree Removal—

As shared at the September 29 meeting, the District awaits a date and time to meet with the City in early to mid-November. In the meantime, the District has had to reroute mains around trees whose roots have caused major main breaks. The City is requiring the District to grind and overlay these areas when it's out in the street, adding significant costs to the District's Mains Maintenance budget account. The General Manager stated he will be discussing this matter with Community Development Director D. Bugher next month.

Cross Connection Control—In-premise Isolation—

While waiting for the next Work Study Session for this matter to be presented/discussed with the City Council, the District received word that the City Manager did not deem this project a priority for the City and would push out the date to have this matter on the City's agenda. The General Manager recommended the District turn over the in-premise isolation backflow/cross connection control records and responsibility to the City. The District has been endeavoring to come to an Interlocal Agreement and determine this matter for over three years. If the City does not see this as a priority to address the ILA and the District's offer to legally take over the in-premise isolation responsibilities, the District has no real choice but to turn it over to the City. It would not be a prudent use of the District's rate-payers money to continue to pursue a matter without resolve or result.

The City Manager is not convinced the City has legal jurisdiction and authority over in-premise isolation and is having their legal department review the matter. This is a matter of State law; this is not the District's policy or decision/authority. The City's other

objection to the matter is the \$18.5K they would be required to pay the District annually for the District to continue to take care of in-premise isolation. This is the minimum the District would spend on the matter; hence, it is a conservative amount to require from the City. The District has been performing the in-premise isolation work (approximately 1800 devices) for years, at no cost to the City, whose responsibility it has been since their incorporation in 1996. At that time, the District asked if the City wanted to take over their legal authority/responsibility as the local plumbing authority under the Plumbing Code. The City said no; the District has been endeavoring to get an ILA since and, most specifically over the past three years.

There are some in-premise isolation situations where there may be no backflow device at the meter, such as remodels that the District is not aware of. A certain amount of time would need to be allowed for people to get premise isolation devices installed. For all new commercial and industrial construction, the District would require the installation of premise isolation devices.

After much additional discussion on the matter, it was the Board's consensus to inform the City the District would turn over the in-premise isolation to the City January 1, 2017.

SUPERINTENDENT'S REPORT:

The Superintendent's Report was provided to the Board in its entirety in the pre-agenda packets. The Superintendent elaborated on the matter of the District having to rebuild mains around trees whose roots has caused main breaks, with major breaks the last two weekends in a row. The District has to keep its customers in water. So, having neither permission by the City to remove the problem trees nor time to get a permit to remove them, let alone remove them in the course of a main break emergency—to say nothing of the cost of removing the trees—the District has rebuilt mains around the problem trees to keep its customers in water. The cost to take a tree down is \$1500-3000, and that is just the tree, not including stump removal. The District could highline water for domestic use, but that would not provide fire flow.

The District sent a list of problem trees with corresponding leaks to the City two years ago and is still waiting for an agreement with the City to allow removal of same.

FINANCE DIRECTOR/OFFICE SUPERVISOR'S REPORT:

The Finance Director presented a cash flow recap, showing two pages from the budget where the District reports the history of R&R (Rehabilitation and Replacement) projects since its program began in 1995 and reports the history of the costs of those projects. \$20M total has been spent on R&R projects to date.

Commissioner Korsmo requested to see a statement of cash flow for the 50-year R&R Program, to be able to see what funds are coming in and what funds are going out and to where/when. The General Manager and Finance Director said they would have the information requested by Commissioner Korsmo at the November 17 meeting.

The District's 2015 Audit Entrance Conference with the State Auditors is scheduled for Monday, October 31 at 9:15 a.m.

The General Manager will be sending an email to the Town of Steilacoom, requesting a date and time to meet to discuss the Town's wholesale water contract renewal.

OTHER BUSINESS:

Board Acknowledgement of Employee Wage Increases—

The Board acknowledged wage increases for employees C. Bullard and E. Schwind.

With no additional business to address, President Ghilarducci adjourned the meeting at 9:47 a.m.

**LAKWOOD WATER DISTRICT
BOARD OF COMMISSIONERS**

BY:


ITS PRESIDENT

BY:


ITS VICE PRESIDENT

BY:


ITS SECRETARY

ATTEST:


DISTRICT SECRETARY