

**LAKWOOD WATER DISTRICT  
BOARD OF COMMISSIONERS  
Minutes of Regular Meeting  
Thursday, November 19, 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; District Secretary C. Butler; S. Bash and S. Tarasov of District financial consultant FCS Group; and T. Zerkel of Gray & Osborne Engineers. Legal counsel J. Milne joined the meeting via phone.

**PUBLIC COMMENT:**

No members of the public were present.

**APPROVAL OF MEETING MINUTES:**

Commissioner Rediske moved to approve the minutes of the October 15, 2015 Regular Meeting and the October 29, 2015 Special Meeting. Commissioner Korsmo seconded the motion, and it was passed by a unanimous vote.

**EXECUTIVE SESSION PER RCW 42.30.110(1)(B) FOR CONSIDERATION OF THE ACQUISITION OF PROPERTY:**

President Ghilarducci called for a 30-minute Executive Session at 3:35 p.m. to discuss with legal counsel the potential acquisition of property. At 4:05 p.m., the Executive Session concluded, the Regular Meeting resumed, and President Ghilarducci called for an additional 15-minute Executive Session. The second Executive Session concluded at 4:20 p.m., and the Regular Meeting continued.

**PRESENTATION OF RESOLUTION NO. B-1425 FOR BOARD ADOPTION:**

Resolution No. B-1425 was presented to the Board for adoption, authorizing District staff to submit the "December 2015 Proposal for Water Utility Privatization Joint Base Lewis McChord" consisting of four volumes to the Defense Logistics Agency (DLA) pursuant to the terms, conditions, and requirements of the Solicitation. The resolution further authorized the District General Manager to execute on the District's behalf any and all forms, submittals, applications, and other documentation related to the District's Proposal as required by the DLA.

Commissioner Rediske moved to adopt Resolution No. B-1425. Commissioner Korsmo seconded the motion. Commissioner Korsmo asked if the District would own the JBLM water system after the 50-year contract was complete. The Government would be able to buy back the JBLM water system at any time. After additional discussion, the motion was passed by a unanimous vote.

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At that time, Mr. Milne signed off on the phone, and Messrs. Bash, Tarasov, and Zerkel excused themselves from the meeting.

**FINANCIAL INFORMATION:**

The Finance Director presented the October financials to the Board.

Disbursements made from the General Ledger Fund for check number 34439 through 34579 totaling \$928,208.69, salary direct deposits totaling \$131,072.47, payroll taxes totaling \$47,423.63, electronic vendor/employee benefit payments totaling \$67,766.49, and other electronic payments totaling \$66,876.63, for a grand total of \$1,241,347.91 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.

**RENEWAL OF MEDICAL AND DENTAL PREMIUMS FOR EMPLOYEE COVERAGE:**

Digital Benefit Advisors, the District's broker, did its due diligence once again this year to compare providers/plans but found only one "fair" match to the benefits/ premiums currently enjoyed by the District through Regence Blue Shield (medical) and no matches/competitive quotes from any other dental carrier. Regence renewal premiums came in at a 3 percent increase (versus a "less than 10 percent" as forecasted in October), and Delta Dental of Washington came in at a 1.6 percent increase for 2016.

The District's current medical through Regence Blue Shield, Platinum+, is being discontinued by Regence January 1, 2016. The closest plan to it is Platinum 250, with the only two changes being an increase in total out-of-pocket (up to \$2500 individual/\$5000 family from \$2000 individual/\$4000 family this past year) and an increase in co-insurance for Ambulatory Surgery Center (up to 95% from 90%). The deductible would remain \$250.

The "fair" match/plan found was Premiera Blue Cross Balance Gold 500 plan. This plan would offer premiums savings but would also mean double deductibles and more-than-double out-of-pocket totals for employees. A somewhat comparable plan from Regence was the Platinum 500 Plan, doubling the present deductible but would keep the total out-of-pocket at the current levels of \$2000 for individual and \$4000 for family. This plan, however, was only \$38.87/month less than the Platinum 250 Plan. The District would save \$466.44 annually, but the staff would potentially spend \$250 more annually x 29 staff, or \$3,000.

The General Manager recommended renewing the District's medical coverage through the Platinum 250 Plan of Regence Blue Shield and the District's dental coverage through Delta Dental of Washington. January 1 is the District's annual renewal date.

**2016 BUDGET STATUS REPORT:**

Due to the time needed to discuss and address the JBLM proposal earlier in the agenda, a Special Commissioners' Meeting was scheduled for November 24 at 3:30 p.m. to present and discuss with the Board the 2016 Draft Budget.

The General Manager reported a few things were placing stress on the 2016 Budget, namely, the deferred retirement of long-time Department Head D. Hall and the required lead-time of six months to bring on someone to fill the Senior Accountant position when the present SA, S. Ferreira, retires at the end of 2016, causing "double salaries" for this position for six months out of the year. Another one of the things putting some pressure on this year's budget is the needed painting of the District's American Lake Gardens tank. In the course of the seismic improvements work currently being done on certain tanks, the District took the time to evaluate the coating inside the ALG tank. The consultant that evaluates coatings reported the coating inside the tank must be repainted in order to avoid much more expensive costs in the future in relationship to the primer underneath the paint inside the tank. This is an additional, unexpected \$165K to the O&M side of the budget, expensed to maintenance.

On the savings side of the 2016 Budget, one example is the District now using laptops for on-call staff to check the pumps remotely, so the on-call person does not have to physically drive in to the office to look at the SCADA system. This saves the call and expense (time and travel) to the District at the tune of approximately \$19,000 annually, not to mention the savings on truck and fuel expenses.

The District revised its approach in the Consumer Price Indices it monitors. This is largely due to the fact that all the District's peer utilities in Pierce and King Counties with which the District compares itself utilizes one or both of the Seattle-Tacoma-Bremerton CPIs. In using the same standard of measure, the comparisons will give a truer reflection of where the District stands in the presence of its peers.

In the area of staffing, the General Manager will be recommending bring temporary, fulltime employee C. Pulk to permanent, fulltime status so as to not reduce present staffing levels and to help provide for needed cross-training, education, and exposure opportunities to new areas of the District.

**2014 AUDIT EXIT REPORT:**

The 2014 Audit was completed with an Audit Exit Conference on November 3, 2015. For the 20<sup>th</sup> year in a row, the State Auditor's Office official Accountability Audit and Financial Statement Audit Reports again noted no deficiencies for the District and complimented the District on its strong financial policies, precise accounting internal controls, and competent and cooperative staff. The auditors did have an exit item recommendation to strengthen internal controls in regards to small and attractive assets by way of a policy defining small attractive assets and how they'll be monitored. Along

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with a detailed description of the assets, the location and ID number to each of those assets should be tied to any serial numbers or District tag numbers for that asset. An annual physical inventory of the small attractive items will be conducted, verifying the assets still in use.

**SUPERINTENDENT'S REPORT:**

The Superintendent's Report was provided to the Board in its entirety in the pre-agenda packets. The Superintendent further briefed the Board regarding wind storm damage in August at Scotts and Deepwood Well Sites. The District spent approximately \$40K to change out the electrical at Scotts, switching from PSE to Lakeview Light & Power for power at the site. After the last storm and losing power at the site, it took PSE four days before they responded to restore power. This was not covered by insurance. Another approximate \$40K will be needed to repair/replace the broken tank at the Deepwood Well Site (tree fell on it). The District's insurance adjuster indicated approximately \$30K of this will be covered by insurance.

South Bay Excavating, Inc. recently completed the Veterans Drive Phase 4 R&R Project. The General Manager and Superintendent will be asking for the Board's conditional acceptance of the completion of the project at the November 24, 2015 Special Meeting.

On the I-5 Crossing at Seattle Avenue Project, the contractor had to change its focus to installing pipe on Pacific Highway due to five feet of water in the trenches from recent torrential rains, needing to postpone pulling pipe from casing.

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

The Finance Director/Office Supervisor reported CAP (Customer Assistance Program) donations were on the rise, partially due to a promo flier in recent water billings to customers. Year-to-date contributions are at \$1,708.73, and the District presented its first check to LASA (Living Access Support Alliance) in the amount of \$660.00

**OTHER BUSINES:**

**Board Acknowledgement of Employee Wage Increases**—the Board acknowledged wage increases for employees B. Cash and J. M. Wall.

**Public Comment**—the General Manager shared with the Board information legal counsel J. Milne had shared with him regarding Public Comment in Commissioners' meetings. First, the District has no legal obligation to offer opportunity for public comment, but it has been the District's practice for many years. The District prides itself in being open and responsive to the public it serves. When it comes to Special Meetings, Mr. Milne said it is neither typical nor appropriate (and therefore not recommended) to hold public comment in a Special Meeting. By having it on the agenda, one runs the risk of having third parties attend the meeting who want to

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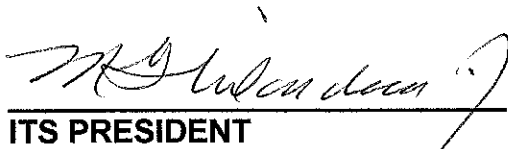
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comment. Then they have to be given three minutes each, or whatever time is set by the Board, and that can be very detracting from the tight time schedule often involved in a Special Meeting. It was Mr. Milne's strong recommendation to have no Public Comment portion on the agenda of a Special Meeting.

With no additional business to address, President Ghilarducci adjourned the meeting at 4:55 p.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**