

**LAKWOOD WATER DISTRICT
BOARD OF COMMISSIONERS
Minutes of Regular Meeting
Thursday, December 18, 2014**

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; and Secretary T. MacDougall.

PUBLIC COMMENT:

No members of the public were present.

APPROVAL OF MEETING MINUTES:

Commissioner Rediske moved to approve the minutes of the November 20, 2014 Regular Meeting. Commissioner Korsmo seconded the motion, and it was passed by a unanimous vote.

FINANCIAL INFORMATION:

The Finance Director presented the November financials to the Board.

Disbursements made from the General Ledger Fund for check number 33032 through 33159 totaling \$1,521,629.70, salary direct deposits totaling \$135,799.56, payroll taxes totaling \$50,466.65, and electronic payments totaling \$380,896.42, for a grand total of \$2,088,792.33 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.

PRESENTATION OF THE 2015 BUDGET:

The General Manager presented the 2015 Budget to the Board, reporting no changes from the Draft Budget after receiving input from the Board. This budget included an overall, weighted increase of 4 percent, consisting of a 3.12 percent increase on the General Operations & Maintenance and Capital side and a 6 percent increase on the 50-year R&R Program side. The 2015 Net Income based on this overall, weighted increase was projected at \$1.3M. Other key numbers included \$330K in projected water revenue on flows not previously captured with the District's old meters. The General Manager stated this number may drop by year's end due to fewer meters getting installed than projected. Capital and R&R Projects were budgeted at \$4.3M, and labor costs were increased by 4 percent, consisting of a 2 percent base wage increase and a total of 2 percent merit increase. There is an overall 10 percent decrease in this Budget for medical and dental coverage, with an 11.1 percent decrease in medical premiums and 4.9 percent increase in premiums from Delta Dental of

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Washington. According to the State Actuary, both employer and employee PERS (retirement) rates will increase July 1, 2015, with the employer rate increasing from 9.21 to 11 percent and the employee rate increasing from 4.92 to 6.12 percent.

The General Manager discussed with the Board the proposed 5-year Rate Forecast as included in this Budget. Five to six-year rate forecasts are typical for cities, giving their citizens a planned projection for rates and increases. The District's rate on the forecast would not be cast in stone but would be good for planning. There would be no formal declaration or notice of the forecast, but the information would be available for any customer that had a question or interest regarding the District's future as it pertains to rates and increases.

Commissioner Ghilarducci would like to see the results of the present rate structure and AMI-based revenues in 2015 before "officializing" a rate forecast. Commissioners Korsmo and Rediske were amenable to the consistency of 4 percent increases over the next five years.

The General Manager stated he would bring back a "report card" to the Board of investments and savings and could also include information in the District's newsletter regarding ways the District has invested and saved rate-payers money.

After additional discussion, Commissioner Rediske moved to approve and adopt the 2015 Budget as presented. Commissioner Korsmo seconded the motion, and it was passed by a unanimous vote.

BOARD ADOPTION OF RESOLUTION NO. B-1421, 2015 RATE INCREASE:

The General Manager presented Resolution No. B-1421 to the Board, outlining the overall, weighted rate increase of 4 percent for 2015. Upon adoption of the resolution, the increase would be official and would be effective January 1, 2015, with the first bills reflecting the increase issued on or after March 1, 2015. Commissioner Rediske moved to adopt Resolution No. B-1421. Commissioner Korsmo seconded the motion, and it was passed by a unanimous vote.

CHANGE EFFECTIVE DATES ON RESOLUTIONS NO. B-1380 AND B-1410 EXHIBITS A FROM JANUARY 1, 2015 TO MARCH 1, 2015 DUE TO LACK OF NOTICE:

The General Manager requested the Board's permission to change the effective date on both the new GFC and new water service connection charges, as approved at the October 30, 2015 meeting, from January 1 to March 1, 2015. This was due to the fact a number of potential developers and customers had not been given notice soon enough so as to have 60 days from notice to effective date. The new lists of schedules of GFC charges and new water service connection charges are recorded in Exhibit A of Resolutions No. B-1380 and B-1410, respectively. Commissioner Rediske moved to

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change the effective date of both the GFC charges and new water service connection charges to March 1, 2015, as recorded on Exhibit A of both Resolutions No. B-1380 and B-1410. Commissioner Korsmo seconded the motion, and it was passed by a unanimous vote.

BOARD AWARD OF SOUND TRANSIT WATER MAIN RELOCATIONS AT RAIL CROSSINGS (POINT DEFIANCE BYPASS) PROJECT:

Two bids were received for this project at the bid opening on December 16, 2014. The two bidders were Pape & Sons Construction, Inc. out of Gig Harbor, Washington at \$321,200.59 and Northwest Cascade out of Puyallup, Washington at \$390,809. The low bid was \$76,855 over the Engineer's Estimate which was \$244,344.90 including tax. The Superintendent stated this project includes some specialized work that Pape & Sons is very good at doing. Armadillo Construction will be their subcontractor on the job who has worked for the District in the past on other projects and has had good success.

Commissioner Ghilarducci asked if the District should go out for a rebid due to the lack of bidders for this project. The General Manager stated there was no real time to rebid the project due to the required completion schedule of this project. He also stated the engineer on this project did not have expertise in this type of project, which may have also contributed to the Engineer's Estimate being off from the bid amounts. At this time, the General Manager recommended the Board award the project to Pape & Sons as the low, responsible bidder, as well as a trusted and proven contractor for the District. Commissioner Rediske moved to award the project to Pape & Sons Construction, Inc. Commissioner Korsmo seconded the motion, and it was passed by a unanimous vote.

BOARD AWARD OF WISTERIA WATER MAIN EXTENSION R&R PROJECT:

Eleven bids were received for this project at the bid opening on April 16, 2014. The three low bidders were Waunch Construction & Trucking out of Olympia, Washington at \$276,509.59; Pacific Coast General out of Port Orchard, Washington at \$293,240.96; and Stafford Excavating, LLC out of Enumclaw, Washington at \$298,662.00. The third lowest bid was nonresponsive because of failure to submit all necessary documents at the bid opening. The low bid came in \$73,461.01 under the Engineer's Estimate of \$349,970.60 including tax.

The General Manager recommended the Board award the project to Waunch Construction & Trucking as the low, responsible bidder. Commissioner Rediske moved to award the project to Pape & Sons Construction, Inc. Commissioner Korsmo seconded the motion, and it was passed by a unanimous vote.

PROPOSED CONTRACT RENEWAL WITH OAKBROOK GOLF COURSE:

The General Manager informed the Board the District's two-year contract with the Ryan Moore Golf Course (aka Oakbrook Golf Course) was about to expire the next day on December 19, 2014. The District had forwarded a two-year renewal draft agreement for the golf course's review at an increase of 4.12 percent to capture the full 2014 rate increase as well as the 2015 increase. The Board concurred.

SUPERINTENDENT'S REPORT:

The Superintendent's Report was provided to the Board in its entirety in the pre-agenda packets. An update on the AMI Meter Replacement Program was given. Apex is now scheduled to be done installing 5/8-inch and 1-inch meters by the second week in February, 2015, and Ferguson will install 3-12-inch meters for the District. The approximately 900 1½-inch and 2-inch meters will be installed by Ferguson (200) and Apex (700).

OFFICE SUPERVISOR'S REPORT:

The Office Supervisor reported the Audit Exit Conference with the state auditor had been completed that month. There were no audit findings. There were two exit items. One was regarding third-party cashing which minimally affects the District as the District has no third party processors. The other was the implementation of GASB 65 (Governmental Accounting Standards Board) which requires the expensing of all loan origination fees. The loan origination fees that were written off in 2013 included fees incurred in previous years.

The current cash balance as of December 18, 2014 was 10,018,702.70.

OTHER BUSINESS:

Board Acknowledgement of Employee Wage Increases—The Board acknowledged an annual increase for D. Funderburk and end-of-year merit increases for B. Cash, S. Jorgensen, P. Kang, J. M. Wall, B. Gaskin, and D. Hall.

Advanced On-call Test Results/Additional Advanced On-call Staff in January—

The General Manager announced the completion of the testing of all on-call staff to ascertain whether or not they qualified for Advanced On-call status. Of ten on-call staff, two were deemed Advanced On-call in October. After the testing, two more have qualified for Advanced On-call, for a total of 4.

Approval for Framing of Memorial Jersey for R. Daniels—The General Manager asked for Board permission to pay for the framing of a Seahawks jersey purchased by the Employee Fund in memorial of R. Daniels, lost to an accident in August. The cost would be approximately \$400. The Board concurred.

Invite BOC to Employee Luncheon—The General Manager again invited the Board of Commissioners to participate in the employees' holiday luncheon to be held at the Ram on Friday, December 19, beginning at 1 p.m.

JBLM Re-opening Possible Privatization—The General Manager reported the District had received a pre-solicitation letter from the federal government regarding the possible privatization of the water system of Joint Base Lewis-McChord. The District responded

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with a letter expressing interest. The District submitted a proposal for taking over the operation of the Fort Lewis water system in 2001-2002, but the District eventually withdrew from the matter due to onerous red tape and requirements.

Puget Sound Water Suppliers' Forum—The General Manager announced the District had been invited to be part of the Puget Sound Water Suppliers' Forum. He noted this to be a worthy endeavor and a compliment to the District to be invited to participate. He will keep the Board informed as things progress.

Letter to BOC from Customer—A letter had been received by the Board from customer C. Moreno, claiming to be allergic to the chlorine in the District's system and also claiming the water to have killed her orchids. The Board asked the General Manager to respond on its behalf.

With no additional business to address, President Ghilarducci adjourned the meeting at 5:02 p.m.

**LAKWOOD WATER DISTRICT
BOARD OF COMMISSIONERS**

BY:


ITS PRESIDENT

BY:


ITS VICE PRESIDENT

BY:


ITS SECRETARY

ATTEST:


DISTRICT SECRETARY