

**LAKESIDE WATER DISTRICT
BOARD OF COMMISSIONERS
Minutes of Regular Meeting
Thursday, January 16, 2020**

The Regular Meeting was called to order at 3:30 p.m. at the District office. Present at the meeting: Commissioners J. S. Korsmo, Jr., G. J. Rediske, and G. J. Barton; General Manager R. Black; Superintendent I. Black; Finance Director D. Logan; District Secretary C. Butler; R. Harbert and D. Ervin of Varius engineering consultants; and District legal counsel A. Tramountanas joined the meeting via phone later in the meeting.

PUBLIC COMMENT:

No members of the public were present.

ELECTION OF BOARD OFFICERS:

Commissioner Barton moved to retain current Commissioner officer positions as elected unanimously by the Board at the June 14, 2019 Special Meeting. They are: President—John S. Korsmo, Jr.; Vice President—Greg J. Rediske; and Secretary—Gary J. Barton. Commissioner Rediske seconded the motion which carried unanimously.

OATH OF OFFICE:

Commissioner Rediske took an Oath of Office as administered by District Secretary and Notary Public C. Butler. This oath was Commissioner Rediske's official acceptance of his reelection to the office of Commissioner Position No. 1 as a result of the November 2019 elections; his new 6-year term commenced January 1, 2020. The District Secretary will forward the signed, notarized Oath of Office to the Pierce County Elections Department for official filing.

APPROVAL OF MEETING MINUTES:

Commissioner Barton moved to approve the minutes of the December 19, 2019 Regular Meeting and the January 9, 2020 Special Meeting. Commissioner Rediske seconded the motion which carried unanimously.

FINANCIAL INFORMATION:

The Finance Director presented a brief report of retail revenues to the Board. Due to year-end processes, full December 2019 and January 2020 financials will be presented at the February 20 Regular Meeting.

Disbursements made from the General Ledger Fund for check number 41285 through 41454 totaling \$2,240,369.38, salary direct deposits totaling \$173,590.76, payroll taxes totaling \$60,592.32, and other electronic payments totaling \$435,776.34, for a grand total of \$2,910,328.80 were presented to the Board for approval.

After review and a series of questions and answers related to various payables, Commissioner Rediske asked to be reminded of the District's accounts payable process. The General Manager and Finance Director outlined for the Board the District's very detailed and comprehensive progression of steps taken in processing payables, from the

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receipt of the invoice to the payment being received and clearing the District's bank account. This process involves many staff members from the entire Finance Department to the General Manager and, ultimately, the Board. It includes many checks and balances and strong internal controls and is reviewed annually by the State Auditor's Office. Commissioner Korsmo moved to approve the payables as listed. Commissioner Rediske seconded the motion which carried unanimously.

VARIUS PRESENTATION ON SHAKEALERT:

The General Manager reported Varius was wrapping up the first phase of the District's revised Emergency Response Plan (ERP). The District's last ERP update was completed in 2016 by engineering consultant KennedyJenks. Funds were budgeted for both the initial phase of ShakeAlert and an ERP update in the 2019 Budget process in 2018. The Cybersecurity Resiliency Act, updated by Congress in 2019, includes security measures that must be in place by March 2020. The District and the updated ERP are already in compliance with all required measures.

The General Manager shared a brief overview of the benefits of the next phase of the ShakeAlert system, utilizing equipment widely used in the nuclear industry to help triage the effect of an earthquake on District facilities and sites. ShakeAlert is an earthquake early warning system that detects significant earthquakes so quickly that alerts can reach many people before shaking arrives. ShakeAlert is not earthquake prediction, rather a ShakeAlert indicates that an earthquake has begun, and shaking is imminent.

Mr. R. Harbert and D. Ervin of Varius, Inc. provided a PowerPoint presentation entitled, "Emergency Response Planning—Lakewood Water District Early Warning, Event Management, and Emergency Response" detailing how the ShakeAlert system works and the huge part it plays in making the District's Emergency Response Plan much more effective than before.

The next phase of ShakeAlert will include three components: ShakeAlert (notice before the quake that will help protect and preserve people and facilities), SHAKEMONITOR (during the quake, showing how bad the quake is, what has been damaged, and who might be hurt), and Smart Response Plans (after the quake; will be able to take the information from the first two components to help triage things, telling the District what damage is where and how severe, who needs help, who is available, and what is operational?) The information gathered and disseminated by this system and equipment is far beyond what can be detected visually. Units called inclinometers and accelerometers will be attached to each tank; if the tank is compromised, the system will shut down the power to the tank. Each pump will have a phase, current, shake, pressures, and flow monitor and, again, if compromised, the system will shut down that pump.

The information provided by this technology will all be available on an app one can access on a cell phone device or iPad, so it will be real time and mobile and able to be utilized by all staff and Commissioners. Some of the many provisions of the app will be an interface to online documents, District maps, the District's hydraulic profile, a response chart, a time and event log, group text messaging, and a risk matrix. This will make the

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large, written ERP document a living, real-time plan. It will be considerably more than just a comprehensive document that complies with Federal requirements; it will be a very useful, hands-on, mobile tool. And military level security is being utilized in this technology.

ShakeAlert measures all levels of earthquakes, so Mr. Ervin and Mr. Harbert have gotten to see the system at work from start to finish about every other day when a level 1 or 2 quake occurs someplace on the West coast where a ShakeAlert system is in place. While ShakeAlert measures all levels of earthquakes, it will only report the ones at or above the level set for each system. Varius recommends the District set its report level at 6.

Commissioner Barton asked for a schematic that would show how everything connects, communicates, and interacts, showing an overview of the entire system. Mr. Ervin said he would get such a schematic to the Commissioners by way of email to the General Manager.

The General Manager reported, as mentioned at the December 19, 2019 Regular Meeting, that FEMA was very excited about the ShakeAlert system and the District adopting the plan. They knew about the ShakeAlert system but did not yet know it had gone beyond USGS use to utilities. They stated they could see funding being available from FEMA. Funds for phase 2 of the District's Emergency Response Plan are included in the 2020 Budget. Phase 2 of the ERP includes the ability to incorporate ShakeAlert in the District's Emergence Response Plan to enhance the plan and make it mobile. The Board first approved moving forward with a ShakeAlert system for the District in 2017 and has remained in support of the system.

The Board thanked Mr. Harbert and Ervin for the presentation and comprehensive information, and they excused themselves from the meeting at that time.

EXECUTIVE SESSION per RCW 42.30.110(1)(i) TO DISCUSS WITH LEGAL COUNSEL REPRESENTING THE AGENCY MATTERS RELATING TO LITIGATION OR POTENTIAL LITIGATION:

District legal counsel A. Tramountanas joined the meeting via phone. President Korsmo called for a 15-minute Executive Session at 4:35 p.m. The Executive Session concluded at 4:50 p.m., and the open public Regular Meeting resumed.

CITY OF LAKEWOOD IMPROVEMENT PROJECTS:

The General Manager reported he had received an unexpected email from the City of Lakewood's Public Works Director regarding possible Federal grant funds for traffic flow and control work for JBLM out of the North Gate. The first area is on Gravelly Lake Drive SW from Washington Boulevard to Nyanza Drive with curb, gutter, and sidewalk. The other project is down Washington Boulevard from Gravelly Lake Drive to Edgewood Drive and will include curb, gutter, sidewalks, and traffic circles (roundabouts) at every intersection. The project will continue south on Edgewood to 83rd and to the North Gate. The City hasn't determined whether this will be one big project or split into two.

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The City Manager wants these two areas be shovel-ready when the funds are received. The Federal agency associated with the grant funds was indicating to the City there is a 90 percent probability the funds will be available for the City sometime between July and October of 2020. The City thought it might be even later in the year or into 2021. According to the City, they will need to complete construction in six months; the City is reportedly already in the process of securing engineering services for the design.

The District inquired as to the possibility of securing grant funds for the water work and was told the City would look into it. If the District does not receive grant funding for the water work associated with this project, it may need to divert some of its Replacement and Rehabilitation (R&R) projects planned for 2020.

The City wants to partner with the District in coordinating customer outreach. Many water service lines on properties along Gravelly Lake Drive will need to be moved from their current locations to the right-of-way area. Most of these services have been in place for years, placed well within the properties during the late 30s and 40s. It will take time to work through concerns and issues raised by customers and to obtain all the agreements to give the District permission/authority to do survey work and move the services, etc. The District is working with RH2 Engineering to hew out a public message plan to get out in front of this and help lead the way to good resolve for all.

There are 71 properties where services may need to be moved. The District would like to plan a public meeting to be held at City Hall. The General Manager will contact the City to discuss and proceed. The District and the City may compile a joint flier of information for customers as things progress. All need to keep in mind that the grant may not materialize for the City. The General Manager stated the whole purpose of the grant is to help utilities impacted by JBLM.

The City project on Veterans Drive is from Gravelly Lake Drive all the way to the Veterans Administration Hospital. The District has 750 feet of water main work occurring at either end.

BOARD APPROVAL OF THE DISTRICT'S 2020 DEVELOPER'S EXTENSION AGREEMENT:

The General Manager presented the 2020 Developer's Extension Agreement to the Board for review, comment, and recommended approval. The changes had been summarized and distributed to the Board prior to the meeting. There were not many substantive changes but mostly areas of clarification and updates. The primary changes involved tracing wire in congested areas and more information included on the District's Cross Connection Control Program and Policy.

Commissioner Rediske moved to approve the 2020 Developer's Extension Agreement. Commissioner Barton seconded the motion which passed unanimously.

GENERAL MANAGER PROJECT UPDATES:

The General Manager stated he did not have much beyond what was reported in his memo except a brief update on the Pierce County 123rd Street SW Payment matter. The

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District did, at the recommendation of D. Anderson, Special Consultant to the County Executive, submit a Claim for Damages. This seemed a bit strange in that the District was not claiming damages but simply wanted full reimbursement/payment of that spent by the District for this project on the County's behalf, but the General Manager completed the Claim for Damages form and submitted it to the County. The District did include a caveat at the bottom of the form stating that the District reserved all rights to recover all its costs in this matter pursuant to the Letter of Intent and Reimbursement Agreement. The General Manager thought it might be a good idea to reach out to D. Richardson to explain what the situation is and solicit his help. The remainder owed the District is approximately \$68K plus the penalty.

It was pointed out by the County that a lien cannot be placed on public property, so the District will not be able to lien the property. The District will still declare by resolution that there will be no water service to the property until full payment is received by the District from the County. The General Manager stated the District will see what Mr. Richardson's response is and will report any and all updates at the February Commissioners' meeting.

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 informed the Board that a small R&R project had been awarded to Johnson and Maddox Construction, Inc. on January 6, 2020. Since this project was under \$350K, it was not subject to the public bidding process. The District put the project out to four bidders, and Johnson and Maddox was the low bidder and under the Engineer's Estimate. Ceccanti was the second low bidder. The work will commence January 27. The project includes 750 feet of water main replacement on the two ends of Veterans Drive.

Firgrove Mutual Water Company is now officially connected to the District's system and will start receiving water at 0.5 million gallons per day (mgd), then graduate to 1 mgd and then 2 mgd. The District and Rainier View Water Company is waiting for Puget Sound Energy to provide power so the SCADA system can be hooked up prior to delivering water.

Commissioner Barton asked about the situation at the G-3 Well as it related to blending water. He stated he was not in favor of blending but of providing pure water to the District's customers.

Water samples taken at the G-2 Well had shown very elevated levels of PFOA and PFOS. Additional samples were being taken to confirm levels and/or see if the first results were an anomaly. So, there is a possibility GAC (Granular Activated Carbon) treatment may be needed for this well.

There are not high levels of PFOA or PFOS in the G-3 Well but high levels of manganese, and that is where the District is looking at blending as a possible resolve. At G-3, the District has access to both the 404 and the 455 pressure zones.

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The General Manager informed the Board of a bill in motion with the legislature that will require the Washington State Department of Health (DOH) to issue MCLs (Maximum Contaminant Levels) for PFOA and PFOS versus simply State Advisory Levels (SALs). The District, as well as other utilities, would prefer MCLs as well. This would table everything DOH is doing right now and open up the matter for discussion. DOH will want to include CERCLA (Comprehensive Environmental Response, Compensation, and Liability Act of 1980), the Country's federal Superfund law. The federal Superfund program administered by the US Environmental Protection Agency is designed to investigate and clean up sites contaminated with hazardous substances.

M. Means of DOH wants to host a meeting with DOH, the District, and all others involved/impacted. Again, the District's and other utilities' preference would be MCLs; however, there is reported political pressure to put in SALs.

Commissioner Barton stated this may hurt or hinder the District's lawsuit against the Federal Government. He further, again, stated he likes to deliver pure water and thinks that should be added to the District's Mission Statement. He stated he was not convinced about blending, especially for PFOA and/or PFOS but that it might be ok to address the manganese levels at the G-3 Well. The Superintendent stated the staff would simply provide options and then carry out the Board's decisions and direction. Commissioner Barton thanked the Superintendent for his detailed report.

FINANCE DIRECTOR/OFFICE SUPERVISOR'S REPORT:

The Office Supervisor reported the District had offered the position of Primary Cashier/Receptionist to a candidate, L. Nishiko. Staff is working on references. The candidate has a degree in Public Health and has worked at Cintas, one of the District's suppliers, the past two years. This position is the Office new hire included in the 2020 Budget.

This new employee will fill the vacancy left on the District's employee roster by the Finance Director/Office Supervisor's retirement later in the year. Practically speaking, this new employee will fill the vacancy left on the Customer Service floor due to movement and promotion from within subsequent to Mr. Logan's retirement. This will include the current Sr. Accounting Lead becoming the Finance Director, the Assistant Office Supervisor becoming the Office Supervisor, the Accounting Specialist II becoming a District Accountant, a Customer Service Representative I becoming an Accounting Specialist I, the new Primary Cashier/Receptionist filling the vacancy left by the CSR I and, ultimately, the CSR III/Customer Service Lead will become the Assistant Office Supervisor. It will continue to be very helpful that the accounting staff has customer service experience and often jumps in to field phone calls on the Customer Service floor when needed.

Mr. Logan thanked the Board for the Employee Education Assistance Program (EEAP) in that it has and continues to help employees increase their education and broaden their horizons. Subsequent to the District's Water Quality and Cross Connection Control

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Specialist earning his Associate degree (the first District employee to earn a degree since the inception of the EEAP), the CSR I referenced above is utilizing this benefit to obtain her Bachelor degree, and the AS II is going for her Master's degree.

OTHER BUSINES:

Board Acknowledgement of Employee Wage Increases—The Board acknowledged annual wage increases for employees R. Alvis, R. Black, I. Black, J. Daulbaugh, C. Fast, B. Gaskin, D. Logan, T. MacDougall, P. Mendoza, S. Rae, Z. Smith, and D. Stanley and Lead Position increases per changes in the 2020 Budget to D. Funderburk and Z. Smith.

Commissioner Financial Statements (F1s) Due April 15—The General Manager reminded the Board that F1 financial statements are due to be filed by April 15.

Request to Move March BOC Meeting—The General Manager asked if the March 19 Regular Meeting could be rescheduled due to vacation conflicts. Commissioner Korsmo stated the month of March was especially booked but that he would be available March 10-14 (days the General Manager will be out of state on vacation). Commissioner Rediske said he would be out of town the entire month of March but would call in for the meeting whenever it occurred, and Commissioner Barton said he would make himself available. The District Secretary will work with Commissioner Korsmo's office and the General Manager's schedule to further investigate what might be available. [*NOTE: After the meeting had been adjourned, it was discovered that the only day both Commissioner Korsmo and the General Manager would both be available for a Commissioner meeting was March 9. The March meeting will be scheduled for the 9th at 3:30 p.m.*]

No Rate Increase Letter to all Customers—A draft of a "No Rate Increase" letter to be signed by the Board and mailed to all District customers had been distributed to the Board in the pre-agenda documents. The General Manager stated the staff had received edits from Commissioner Rediske; he asked if there were any changes or edits from the other two Commissioners. Commissioners Korsmo and Barton said they were fine with the letter as drafted and edited by Commissioner Rediske.

This letter was a result of Commissioner Korsmo's comments at the December 19 Regular Meeting during the presentation of the 2020 Budget. Commissioner Korsmo wrote the Commissioners' letter in the recent Winter edition of the District's quarterly newsletter, *The Pipeline*. Excerpts of that letter and Commissioner Korsmo's comments at the December 19 meeting were combined with pertinent language from past rate increase letters to formulate this important letter to all LWD customers.

If District billing consultant AFTS can have final copy to them by noon the next day, January 17, they will be able to work on the letter's production on Monday, the 21st and mail as early as the 22nd. Their staff had already begun the background work of preparing the mailing list, etc. This all-mailing is included in the 2020 Budget.

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Government Relations Committee Report by Commissioner Barton—As he promised at the January 9 Special Meeting, Commissioner Barton provided a reported from his first Government Relations Committee meeting via phone conference directly following the Board meeting. The committee meets the first Thursday of every month.

The committee discussed the Public Works Trust Fund and, unfortunately, there will be no increase in funding provided by the State legislature this year. The General Manager stated that was most likely due to it being a short legislative session this year of only 60 days and not wanting to take on that fight right now.

Another subject on the agenda was sanitary water treatment. The Washington Association of Sewer and Water Districts is working on legislation.

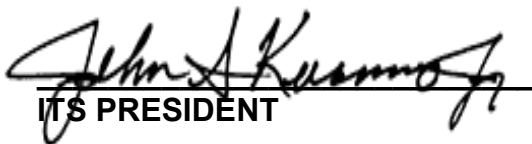
The matter of storm water injection wells was discussed. A situation had occurred at Sammamish Plateau, and they were taking steps to tighten regulations and requirements. Pierce County is already out ahead of this to protect the District's ground water resources.

On the matter of PFOA/PFOS, the Washington Association of Water and Sewer Districts are supporting MCLs versus SALs.

With no additional business to address, President Korsmo adjourned the meeting at 5:29 p.m.

**LAKWOOD WATER DISTRICT
BOARD OF COMMISSIONERS**

BY:


ITS PRESIDENT

BY:


ITS VICE PRESIDENT

BY:


ITS SECRETARY

ATTEST:

JLC for Christie Butler
DISTRICT SECRETARY