

**LAKWOOD WATER DISTRICT
BOARD OF COMMISSIONERS
Minutes of Special Meeting
Monday, March 9, 2020**

The Special 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 (via phone), and G. J. Barton; General Manager R. Black; Superintendent I. Black; Finance Director D. Logan; District Secretary C. Butler; Assistant Office Supervisor T. MacDougall; Senior Accounting Lead P. Mendoza; District engineering consultants M. Meyer and S. Ard from Murraysmith; and District legal counsel J. Kray and associate J. Ferrell.

PUBLIC COMMENT:

No members of the public were present.

APPROVAL OF MEETING MINUTES:

Commissioner Barton moved to approve the minutes of the February 20 Regular Meeting. Commissioner Rediske seconded the motion which carried unanimously.

FINANCIAL INFORMATION:

The Finance Director presented revised January financials to the Board, specifically, as it related to January wholesale revenues.

The Senior Accounting Lead presented the February financials to the Board.

Disbursements made from the General Ledger Fund for check number 41646 through 41736 totaling \$1,598,369.79, salary direct deposits totaling \$168,878.74, payroll taxes totaling \$65,536.57, and other electronic payments totaling \$133,837.71, for a grand total of \$1,966,622.81 were presented to the Board for approval. After review, Commissioner Barton moved to approve the payables as listed. Commissioner Rediske seconded the motion, which carried unanimously.

BOARD REVIEW OF 2019 COMPREHENSIVE WATER SYSTEM PLAN AND PROPOSED RESOLUTION NO. B-1459:

The General Manager introduced District engineering consultants M. Meyer and S. Ard of Murraysmith to present the District's proposed 2019 Comprehensive Water System Plan (Comp Plan) to the Board. Murraysmith has worked with the District to produce its last two Comp Plans, and it is very advantageous to the District to have the work accomplished by someone that knowledgeable of the District's system, assets, and operations. In the 2017, the State Department of Health (DOH) passed legislation to allow water utilities to choose either a six-year or 10-year plan where the previous requirement had been to submit six-year plans. This is the District's first 10-year plan and includes a 20-year planning horizon.

Mr. Meyer and Ms. Ard presented and discussed with the Board a PowerPoint report and review of the proposed, updated plan. The District Finance Director and the Senior Accounting Lead presented the financial component of the report.

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After review, Commissioner Rediske moved to approve the 2019 Comprehensive Water System Plan as presented. Commissioner Barton requested to table the matter until the April meeting to allow himself as a new Commissioner and new to this process the opportunity to review the plan in its entirety before being involved with its approval.

President Korsmo asked the General Manager if this delay would cause a challenge for the District. The General Manager replied the draft plan was already in the hands of the State Department of Health for review and that an April approval would not be a detriment to the District. Therefore, with no second, the motion failed, and this matter will be completed at the April meeting.

The General Manager and the Board thanked Mr. Meyer and Ms. Ard for all their good work and clear presentation, and they excused themselves from the meeting at that time.

EXECUTIVE SESSION per RCW 42.20.110(1)(I) TO DISCUSS WITH LEGAL COUNSEL LITIGATION OR POTENTIAL LITIGATION:

President Korsmo called for a 20-minute Executive Session at 4:37 p.m. to discuss with District legal counsel pending litigation. At 4:57 p.m., the Executive Session concluded and President Korsmo called for an additional 5-minute session. That Executive Session concluded at 5:02 p.m., and the open public Special Meeting resumed. The General Manager and the Board thanked Legal counsel J. Kray and J. Ferrell who excused themselves from the meeting at that time.

BOARD AWARD OF THE 32ND AVENUE R&R PROJECT:

The District received 11 bids for this project at the bid opening held March 3, 2020 at 10 a.m. The low bidder was Scarsella Bros., Inc. with a bid of \$798,803.20 including 9.9 percent Washington State Sales Tax. The second lowest bidder was Northwest Cascade, Inc. with a bid of \$877,879.02 including tax. The third lowest bidder was R.W. Scott Construction Co. with a bid of \$913,994.34 including tax. The Engineer's Estimate was \$1.2M including tax.

This project was listed in the 2020 Budget at \$640,090. The variance between the final Engineer's Estimate and the budget was in part due to a 30 percent increase in pipe, going from 12-inch to 16-inch pipe. Another factor was an increase in the number of connections by four or five at approximately \$10K each. Scarsella's bid coming in at \$402K under the Engineer's Estimate will help mitigate that variance, and the General Manager discussed with the Board additional options to help offset the difference.

District legal counsel A. Tramountanas vetted Scarsella's litigation and reference backgrounds and recommended the Board award to Scarsella Bros., Inc. The General Manager also recommended the Board award this project to Scarsella. Commissioner Korsmo moved to award the 32nd Avenue R&R Project to Scarsella Bros., Inc. Commissioner Barton seconded the motion which carried unanimously.

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BOARD AWARD OF THE 2020-2021 DISTRICT BACKFLOW TESTING PROGRAM:

The District received three bids for the District's 2020-2021 Backflow Testing Program. The low bidder was from Blake's Backflow Service LLC, the same tester that was the low bid for the 2019-2020 program. Even with a slight increase in price, the District will still be able to offer the testing to its customers in the present year at \$27 per device as it has been since the program's inception in 2016.

SUCCESSION PLAN UPDATE:

The Board acknowledged the District's updated 2020 Succession Plan with no unexpected components from the previous year's plan.

GENERAL MANAGER PROJECT UPDATES:

Wholesale Transmission Main Extension—The General Manager reported January wholesale water billings had been mailed to the Wholesale Partners including the shift of going from cash to utility basis from the 21st through the end of the month. The utility basis is approximately three times what the cash basis has been in regards to trying to entice new customers.

The General Manager received a call from Spanaway Water Company General Manager J. Johnson asking for a meeting with him and the Finance Director about some cost-related matters. At that meeting, Mr. Johnson discussed the matter of his water utility not needing water until 2024. He stated that, coupled with having no infrastructure to connect to the WTME at this time but still being charged at the new, significantly higher utility basis, could be perceived by his board as the District not wanting their business. He asked if Spanaway could continue to pay the cash basis rate. The General Manager stated the only way he could remotely see the Board considering this would be if Spanaway committed to taking water.

Spanaway had thought their water needs could be met via the Foster case and/or have been considering the possibility of receiving wholesale water from Tacoma, but neither has been decided on by Spanaway. It would take an estimated 18-24 months to get the pipe and infrastructure in place to be able to receive water from the District. Mr. Johnson asked that if he got his board to sign a new, amended, and extended wholesale water contract with the District to include the commitment to take water, could Spanaway be allowed to pay the cash basis rates until such time they would begin taking water as outlined in the contract. The General Manager stated he would only take that matter to the Board for decision if this was signed, sealed, and delivered prior to Mr. Johnson's retirement date, May 15, 2020. If approved, it would mean the District would accept the cash basis amount through May 15 or earlier depending on when a new contract would be signed/approved by the Board. The terms of the new contract would outline the rates and schedule of water taken going forward, including the time Spanaway's pipeline and infrastructure is built/installed.

The Board concurred with moving forward with this possibility. If Mr. Johnson is successful in his endeavors and his board agrees to sign a new contract, the General Manager will bring a draft of said contract to the District's Board for approval.

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The General Manager stated he had nothing more beyond his memo report to share on projects at this time.

SUPERINTENDENT'S REPORT:

The Superintendent's full, written report was provided to the Board in the pre-agenda packets. Subsequent to that report, he shared the following. The Veterans Drive R&R Project is wrapped up, and Arrowhead Phase 3 is in the process of wrapping up. The Sylvan Park Phase 4 R&R Project went out to bid on March 2; the walk-thru will be March 10. This project will connect in with the 32nd Avenue Project and will make it easier to bring water from the 88th and Pine Wellsite.

The surge tank is still to be installed at the existing Wholesale Transmission Main booster pump station and the transformer changed. The contractor is digging the foundation for the building the foundation for the building at the second, new booster pump station presently. Startup is scheduled for July 13.

The Superintendent received scopes of work and budgets from the City of Lakewood for two projects just prior to walking into this meeting. As for the upcoming Gravelly Lake Drive project between Washington and Nyanza, it was reported that the public like Lakewood Water District but are not in favor of the planned median that will go down the middle of Gravelly Lake Drive (and down Washington to Edgewood) or the planned roundabouts.

OFFICE SUPERVISOR'S REPORT:

The Office Supervisor invited Assistant Office Supervisor (AOS) T. MacDougall to give this report. Ms. MacDougall reported the District's newest hire, Luke Nishiko, started as the District's Primary Cashier/Receptionist on March 2 and is doing very well. The AOS also presented this year's CAP (Customer Assistance Program) report with \$1,606.09 in 2019 donations for a total of \$9,092.55 in total contributions since the program's inception in 2015.

OTHER BUSINESS:

Board Acknowledgement of Employee Wage Increases—The Board acknowledged annual wage increases for D. Fast and C. Pulk.

Governmental Relations Committee Report—Commissioner Barton had nothing to report since the monthly meeting would not occur until later in the week.

Financial Statement (F1's) Due Date Reminder—The General Manager offered another reminder of Commissioners F1's being due by April 15.

WASWD Spring Conference—The Washington Association of Sewer and Water Districts' Board will be determining whether or not to proceed with the Spring Conference. Staff will keep the Board informed accordingly.

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Wholesale Partner Operations Advisory Committee Meeting Report—The Wholesale Partner Operations Advisory Committee met on March 5. Rainier View, scheduled to take 1.5 million gallons a day (mgd) of water, has been using only 1 mgd for testing. They may sign an amendment to allow another Wholesale Partner(s) to buy the remaining 0.5 mgd on a temporary basis.

Commissioner Letter for Spring Newsletter—Commissioner Korsmo gave his approval of the draft Commissioner Letter for the Spring Edition of the District's quarterly newsletter, *The Pipeline*.

With no additional business to address, President Korsmo adjourned the meeting at 5:45 p.m.

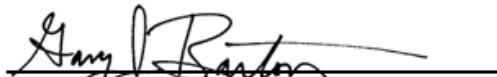
**LAKESIDE WATER DISTRICT
BOARD OF COMMISSIONERS**

BY:



ITS PRESIDENT

BY:



ITS SECRETARY

BY:



ITS VICE PRESIDENT

ATTEST:

JLC for Christie Butler

DISTRICT SECRETARY