

**LAKWOOD WATER DISTRICT  
BOARD OF COMMISSIONERS  
Minutes of Regular Meeting  
Thursday, May 21, 2020**

President Korsmo called the Regular Meeting to order at 3:30 p.m. via a Teams Live Event. 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; Assistant Office Supervisor T. MacDougall; Senior Accounting Lead P. Mendoza; and District general counsel J. Milne.

**PUBLIC COMMENT:**

No members of the public were present.

**APPROVAL OF MEETING MINUTES:**

Commissioner Rediske moved to approve the minutes of the April 16, 2020 Regular Meeting. Commissioner Barton seconded the motion which carried unanimously.

**FINANCIAL INFORMATION:**

The Finance Director introduced this agenda item and invited Senior Accounting Lead P. Mendoza to proceed with the presentation of the April financials to the Board.

Disbursements made from the General Ledger Fund for check number 41924 through 42075 totaling \$1,504,071.83, salary direct deposits totaling \$173,794.88, payroll taxes totaling \$67,326.62, and other electronic payments totaling \$204,436.53, for a grand total of \$1,949,629.86 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.

**REQUEST FOR BOARD CONDITIONAL ACCEPTANCE OF COMPLETION OF ARROWHEAD PHASE 3 R&R PROJECT:**

The Superintendent issued a memo to the Board recommending and requesting conditional acceptance of completion for the Arrowhead Phase 3 R&R Project, with contractor R. W. Scott reaching substantial completion on April 29. Final completion occurred on May 1, and the one-year warranty period commenced. The General Manager recommended the Board conditionally accept the completion of this project. Commissioner Korsmo so moved, Commissioner Barton seconded the motion, and it passed unanimously. Completion of this project will be official once all closing documents are received by the State.

**SPANAWAY WATER COMPANY (SPANAWAY) WHOLESALE AGREEMENT AMENDMENT:**

The General Manager introduced this agenda item and turned the floor over to District general counsel J. Milne who came out of retirement to help the District with this important project and draft the amendment for Spanaway's wholesale water agreement. Mr. Milne reported the Spanaway Water Board of Commissioner meeting would be held that evening where the draft amendment would be presented. The amendment

## **Board of Commissioners' Regular Meeting Minutes**

**May 21, 2020**

**Page 2**

provides a defined deferment option for the difference between the cash basis and utility basis pricing. General Manager J. Johnson, however, planned to recommend not utilizing this option but to pay the utility basis moving forward and pay the difference between the cash basis and utility basis since January 21, 2020, the day the District was first able to make available the water which, per contract, would be the day the pricing would switch from cash to utility basis.

The term of the amendment is 20 years and includes Spanaway taking a minimum of 1 million gallons per day once the pipeline is built between the Wholesale Transmission Main Extension (WTME) and the connection site in Spanaway's water system. The amendment calls for Spanaway taking the water no later than January 1, 2023. The District will suspend the utility basis on the water until such time the customer begins taking water from the District, again, no later than January 1, 2023.

Spanaway has requested the District build the connective line in light of its knowledge, ability, and experience in constructing the WTME as well as the District's Eminent Domain powers. There will be no difficulty for the District to do this work; however, there are three easements to be obtained which may or may not be an involved process and may or may not require the use of the District's Eminent Domain powers. A separate contract will be hewn out to cover the easement acquisitions, etc.

Exhibits A and B of the amendment will be generated and attached as applicable. Exhibit A will be a depiction of the existing booster pump station upgrades, the new booster pump station, and the location of the Wholesale Transmission Main. Exhibit B will be a depiction of the Spanaway customer meter location(s).

The General Manager and Mr. Milne recommended the Board approve the amendment as presented. Upon District Board approval, two originals of the amendment will first go to Spanaway for signature and then come back to the District for signature. A fully executed original will be delivered to Spanaway with the District retaining the other. Commissioner Rediske moved to approve the amendment as presented. Commissioner Barton seconded the motion which carried unanimously.

### **BOARD APPROVAL OF ISSUING WRITTEN CONSENT re. SALE OF RAINIER VIEW WATER COMPANY ASSETS TO WASHINGTON WATER SERVICE:**

The District received a letter from Rainier View Water Company (Rainier View) legal counsel R. Finnegan dated May 15, 2020 and received May 19. The twofold purpose of the letter was to 1) inform the District that its wholesale agreement with Rainier View including all amendments was being assigned by Rainier View to Washington Water Service Company (WWS) effective June 1, 2020; and 2) request written consent of the assignment from the District pursuant to Section 2.8.5 of the wholesale agreement.

The letter was reviewed by District general counsel J. Milne, and he discussed the matter at hand with the Board. He explained this had to do with a sale of assets, not a sale of Rainier View as a company at this time. Mr. Milne recommended the Board approve the issuance of written consent and authorize the General Manager to sign and

## **Board of Commissioners' Regular Meeting Minutes**

**May 21, 2020**

**Page 3**

send. Pending Board approval, Mr. Milne stated he would ghost-write said written consent. Further, the letter of written consent would be addressed and sent to the escrow company with instructions to release to Rainier View and WWS at closing. Both Rainier View and Mr. Finnegan were in favor of this conditional term.

Commissioner Barton asked for clarification, stating he did not believe in the sale of publicly owned water purveyors to private entities and, therefore, would not endorse said sale. Mr. Milne reiterated this was a sale and assignment of assets and the District's written consent of same and not an endorsement of the sale of the company.

Commissioner Rediske moved to issue the written consent as presented, to be ghost-written by legal counsel Milne and signed and delivered by the General Manager. Commissioner Barton seconded the motion which carried unanimously. Mr. Milne excused himself from the meeting at that time.

### **RETURN TO NORMAL OPERATIONS OPTIONS:**

After six weeks of working with one-third of the field staff each day (three separate teams rotating every third day), the District needed to bring the entire field staff back in to address the backlog of work and did so beginning Monday, May 4.

The General Manager presented a spreadsheet outlining three possible options to address how to make up the work and the time while still accounting for holidays, vacation, and the two floating holidays. The number of needed additional manhours is approximately 2,166 manhours. The three options included different combinations of bringing on the last new hire budgeted for 2020, vacation rollover and/or cash-out, and overtime. The new hire which would account for 1,040 of the needed manhours, leaving a remainder of approximately 1,126 needed manhours.

Option 1 included an estimated 334 hours of vacation rollover and 792 hours of overtime at a projected cost of \$53,473.50. For calculation purposes, manhours were priced at the weighted average of \$45/hour for straight time and \$67.50/hour for overtime (1.5x). Option 2 included an estimated 334 hours of vacation rollover, 367 hours of vacation cash-out, and 426 hours of overtime at a projected cost of \$45,227.25. Option 3 included covering the estimated 1,126 needed hours with overtime at a projected cost of \$76,018.50. To cover the total estimated 2,166 hours with only overtime would be a projected cost of \$108,827.40. The overtime and vacation cash-out costs are, for the most part, unbudgeted costs to the District.

In reference to the vacation rollover hours referenced above, the General Manager recommended the Board amend its current Vacation Rollover and Cash-out Policy to increase the maximum vacation rollover from 80 hours to 120 as a permanent amendment to the policy moving forward. As for the vacation cash-out hours referenced above, this early cash-out would be a temporary measure and would expire by the time of the June 18 Regular Meeting. The annual vacation cash-out maximum will remain at 40 hours.

**Board of Commissioners' Regular Meeting Minutes**

**May 21, 2020**

**Page 4**

The General Manager recommended Option 2 plus the amended policy measure of increasing the maximum vacation rollover from 80 to 120 hours. Commissioner Rediske so moved. Commissioner Barton seconded the motion which carried unanimously. The General Manager will be able to present final numbers at the July 18 meeting.

On the matter re. acknowledging and recognizing staff as discussed at the April 16 Regular Meeting, it had been suggested by the Board that perhaps an all-mailing to the District's customers would be a better use of funds versus an ad in *The News Tribune*; however, such an all-mailing would cost the better part of \$3,500. In individual meetings with each Commissioner, the General Manager had discussed various options and alternatives to distinguish and reward the staff for all its faithful, dedicated, hard work. The consensus includes a write up from the Board of Commissioners in this summer's District's Annual Report and a pizza party at some point, etc.

**REVISED EFFECTIVE DATE OF COVID-19 CUSTOMER ASSISTANCE PROGRAM (CCAP) POLICY:**

The General Manager recommended the District revise its CCAP Policy to reflect an effective date of March 23, 2020, the date of the Governor's first "Stay Home-Stay Healthy" proclamation. This policy is Exhibit A of Resolution No. B-1463 and is to be updated via motion. Commissioner Rediske so moved, and Commissioner Barton seconded the motion which carried unanimously.

**AMENDMENT TO 2020 CAPITAL BUDGET:**

**Item 9) Request to Amend 2020 District Capital Budget**

The State Department of Health and other various sources are reporting the Federal Government will be putting together a stimulus infrastructure package in order to help the economy in the not too distant future. Congressman Denny Heck initiated a \$25M Defense Community Infrastructure Program (DCIP) grant where the District may qualify for a minimum of \$250K. The General Manager recommended the District pursue any stimulus funds that become available, assuming qualification, along with any other grants from the Federal Government.

One of the requirements in qualifying for stimulus funds is having the projects be shovel ready. Gene Peterson is helping the District through the stimulus and grant processes to make sure the District meets the qualifications. Pursuit of funding from the State Department of Ecology to help with the costs for Scotts Wellsite is currently looking very

unlikely. Engineering and design work would need to begin now to be ready to construct within a year of receiving stimulus funds as required. State and local permitting and the bidding process will consume the majority of the one-year time period.

Regardless of the receipt or non-receipt of funds from the government, the General Manager stated the District will have to install a GAC treatment facility at its Scotts Wellsite. The estimate for design and engineering from KennedyJenks started out at

## **Board of Commissioners' Regular Meeting Minutes**

**May 21, 2020**

**Page 5**

around \$750,000. After reasoning and negotiation with the General Manager, this was decreased to \$500K. The General Manager also recommended the design of two to three R&R projects at a cost of under \$250,00.

To provide funding for these projects, the General Manager asked for the Board to approve an amendment to the 2020 Capital Budget in the amount of \$750K.

Commissioner Barton moved to amend the 2020 Capital Budget by increasing it by \$750K. Commissioner Rediske seconded the motion which carried unanimously.

### **GENERAL MANAGER PROJECT UPDATES:**

The General Manager announced a new project to be added to his list, that of a Strategic Plan for PFAS. District legal counsel J. Kray had reported he was getting close to being ready to file the lawsuit against the federal government. The General Manager had reached out to Mr. Kray earlier in the week seeking additional information/update but had not yet received a response. The General Manager expects to have more information before the June 18 Regular Meeting, and the matter of when to file will be presented to the Board for approval before proceeding.

### **SUPERINTENDENT'S REPORT:**

The Superintendent's full, written report was provided to the Board in the pre-agenda packets. Subsequently, the Superintendent reported the only two things left to do on the WTME Project were the installation of the security gate and the repaving of the intersection at Canyon Road and 152nd. All other R&R projects were reported to be going "like clockwork." Scarsella Bros. are on track to finish their work on 32<sup>nd</sup> Avenue the first week in July, a month early. Sylvan Park Phase 4 work will commence May 26. The design work on 29<sup>th</sup> Avenue will be finished in July/August, and the project will go out to bid in September. Work is back underway on the WTME new booster pump station and is moving ahead well. Substantial completion was scheduled for July 24 but may be earlier by seven to ten days. Design work continues on the North Gate Project with the City of Lakewood. To be eligible for DCIP grant funds, the project must be shovel-ready by mid-June.

The Superintendent sang the praises of the field crew who were doing a great job and stepping up to the plate to handle the backlog of work.

### **OFFICE SUPERVISOR'S REPORT:**

Mr. Logan invited the Assistant Office Supervisor to share the report. Ms. MacDougall reported there were 66 delinquent accounts, 27 of which the District staff has not yet had contact with beyond calls, voice mail messages, and a certified letter in the mail. The customer service and non-exempt accounting staff continue to work very well and efficiently from home. As for the District's CAP (Customer Assistance Program), earnings for March, April, and May thus far were \$116, \$227, and \$86, respectively.

### **OTHER BUSINES:**

**Board Acknowledgement of Budgeted Employee Wage Increases**—The Board acknowledged a wage increase for C. Bledsoe.

**Board of Commissioners' Regular Meeting Minutes**

**May 21, 2020**

**Page 6**

**Government Relations Committee Report by Commissioner Barton—**

Commissioner Barton summarized the salient points covered at the May 14 meeting.

**F1 Financial Statement Filing Reminder—**The General Manager reminded the Commissioners re. the filing of the 2019 F1 financial statements that were due April 15.

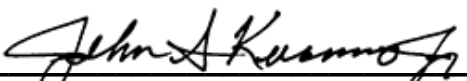
**Hire of an HR Analyst—**Due to cost effectiveness and continuity for staff, the General Manager recommended the District switch from contracting the HR services from New Era to hiring a full-time HR Analyst at a salary range of \$5,175-\$7,250. The General Manager explained this person will not only handle the HR matters and functions but will lend backup and support to the General Manager's Executive Assistant and Payroll Officer in the areas of benefit administration and payroll. The Board concurred.

**Board Verbal Approval of Use of Electronic Signatures—**each Commissioner individually gave his verbal approval for the use of his electronic signature on all applicable documents approved during this meeting.

With no additional business to address, President Korsmo adjourned the meeting at 5:35 p.m.

**LAKWOOD WATER DISTRICT  
BOARD OF COMMISSIONERS**

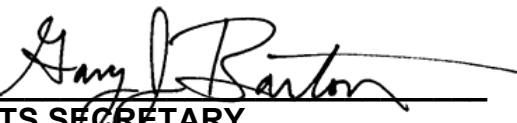
**BY:**

  
\_\_\_\_\_  
**ITS PRESIDENT**

**BY:**

  
\_\_\_\_\_  
**ITS VICE PRESIDENT**

**BY:**

  
\_\_\_\_\_  
**ITS SECRETARY**

**ATTEST:**

JLC – for Christie Butler  
\_\_\_\_\_  
**DISTRICT SECRETARY**