

**LAKWOOD WATER DISTRICT  
BOARD OF COMMISSIONERS  
Minutes of Regular Meeting  
Thursday, April 16, 2020**

The Regular Meeting was held virtually via a Teams Live Event. President Korsmo called the meeting to order at 3:30 p.m. 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; Senior Accounting Lead P. Mendoza; Assistant Office Supervisor T. MacDougall; and District Secretary C. Butler.

**PUBLIC COMMENT:**

While the public were invited to the audio portion of this virtual meeting, no members of the public were present.

**APPROVAL OF MEETING MINUTES:**

Commissioner Rediske moved to approve the minutes of the March 19, 2020 Regular Meeting. Commissioner Barton seconded the motion which carried unanimously.

**FINANCIAL INFORMATION:**

The Finance Director handed this matter over to the Senior Accounting Lead who presented the March financials to the Board.

Disbursements made from the General Ledger Fund for check number 41737 through 41923 totaling \$2,901,681.34, salary direct deposits totaling \$172,924.73, payroll taxes totaling \$66,980.31, and other electronic payments totaling \$206,678.17, for a grand total of \$3,348,264.55 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 ADOPTION OF RESOLUTION NO. B-1459, APPROVAL OF 10-YEAR COMPREHENSIVE WATER SYSTEM PLAN:**

Resolution No. B-1459, approving the District's 2019 10-year Comprehensive Water System Plan (Comp Plan) and initially presented to the Board for adoption at the March 9 Special Meeting, was again presented at this time for adoption after having afforded extra time for review. Commissioner Rediske moved to adopt Resolution No. B-1459 approving the District's 2019 10-year Comp Plan. Commissioner Barton seconded the motion which carried unanimously. Each Commissioner individually provided verbal approval for his electronic signature to be applied to this resolution.

**BOARD ADOPTION OF RESOLUTION NO. B-1462, REVISED COVID-19 EMERGENCY RESPONSE LEAVE AND COMPENSATION PLAN:**

The Board adopted Resolution No. B-1461 adopting a COVID-19 Emergency Response Leave and Compensation Plan at the March 19 Regular Meeting. Since that time, two new federal laws have been issued that pertain to this subject and therefore affect this policy; namely, the Families First Coronavirus Response Act (Emergency Paid Sick Leave) and Emergency Family and Medical Leave.

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There are six qualifiers for receiving the Emergency Paid Sick Leave (EPSL) in the Families First Coronavirus Response Act; three of them are paid at 100 percent of an employee's salary to \$511 per day and \$5,100 total, and the other three are paid at 2/3 of an employee's salary. The District, desiring to pay its essential service employees 100 percent of their salaries for all six scenarios, checked with the State Auditor's Office and the District's HR attorney and was assured this was well within the District's legal right and would not challenge any gifting of public funds laws, restraints, or guidelines. This was further confirmed by many attorneys of other water and sewer districts, as the District General Manager has been in regular teleconference meetings with the General Managers of water and sewer districts in the state.

District HR attorney K. Weber revised the District's policy adopted in Resolution No. B-1461 to capture these changes, now Exhibit A of Resolution No. B-1462, and Resolution No. B-1462 was presented to the Board for adoption. Commissioner Rediske moved to adopt Resolution No. B-1462 covering the District's revised COVID-19 Emergency Response Leave and Compensation Plan. Commissioner Barton seconded the motion which carried unanimously. Each Commissioner individually provided verbal approval for his electronic signature to be applied to this resolution.

### **BOARD ADOPTION OF RESOLUTION NO. B-1463, COVID-19 CUSTOMER ASSISTANCE PROGRAM:**

The General Manager presented to the Board a proposed COVID-19 Customer Assistance Program policy and resolution, No. B-1463. This resolution and policy would afford a qualifying customer temporary deferment and/or partial forgiveness of their bills as it relates to the Coronavirus. Approved Deferred Payment Arrangements for customers in need would be for two billing cycles or four months. After that, if needed, customers could apply for the second part of the program, the Financial Support Program. If criteria were met and the application approved, this would provide partial forgiveness of their bills up to 50 percent.

This is a temporary resolution and policy and is a result of the Coronavirus situation guidelines and stipulations with solid criteria well in place and reviewed by staff. The General Manager will provide a monthly report to the Board with the number of Approved Deferred Payment Arrangements and stats on those who have been approved for a one-time 50 percent forgiveness of their bill (similar to the District's Leak Adjustment Policy). At yearend, a comprehensive list will be submitted to the Board including all customers granted a 50 percent forgiveness of their water bill and the respective dollar amounts. The Board will need to write off the forgiven amounts with the customary annual write-offs as they relate to non-collectable water bills and other miscellaneous write-offs as required by the Auditor's Office. Due to the fluidity of the COVID-19 situation, the General Manager stated he may be coming back to the Board from time to time to ask for minor adjustments/modifications to the policy as needed.

The General Manager invited Assistant Office Supervisor T. MacDougall to provide a report on delinquent customer accounts and the District's current process. As of April 8, there were 66 delinquent accounts since the District stopped doing disconnects on

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March 16. The day a customer's account becomes delinquent, a Customer Service Representative (CSR) calls the customer to let them know their payment is late, offer a payment plan, and/or discuss/determine when the customer can pay the bill. If the CSR does not get an answer when that call is made, a voice mail message is left, and a note recorded on the account. If there is no response, a second call will be made to the customer a week later. If there is still no response a week after that, a certified letter will be mailed to the customer.

At that time, Commissioner Rediske moved to adopt Resolution No. B-1463 and the COVID-19 Customer Assistance Program policy attached as Exhibit A. Commissioner Barton seconded the motion which carried unanimously. Each Commissioner individually provided verbal approval for his electronic signature to be applied to this resolution.

### **BOARD DIRECTION RE. SPANAWAY WHOLESALE WATER MATTER:**

The General Manager reported on a conference call he and the District Finance Director had with Spanaway General Manager J. Johnson regarding the matter as discussed at the March 9 Commissioners' meeting. The call went very well. At the conclusion of the call, Mr. Johnson stated it may be more prudent to pay the utility basis rate now versus deferring the difference between the utility basis and the cash basis until such time a connecting pipeline could be installed but not longer than three years; however, he still requested to see the numbers both ways.

The Finance Director presented a spreadsheet of information to the Board showing three scenario options and the corresponding numbers for each. Option A was simply that Spanaway did nothing beyond that presently contracted, with the District continuing to charge the fixed costs for the nine years left on the contract. Option B includes Spanaway signing a new 20-year amendment including their taking 1 million gallons per day (mgd) starting in 2023, with the District forgiving the difference between two years of fixed costs at the cash basis versus utility basis. Option C includes the components of Option B but instead of any forgiveness, the District would defer two years of fixed costs at the utility basis for four years.

The benefit to the District would be Spanaway remaining a customer for 20 years, generating revenues of \$6,407,936. The benefit to the Wholesale Customers would be potential savings of a total of \$2,073,386 over the next 20 years.

One of the Board's directives to the General Manager in this process was to discuss this matter with each of the District's Wholesale Partners and get their feedback/input. While none of the partners liked it from a political perspective, they saw the benefit from a business perspective and were willing to "take one for the team to win the game."

Subsequently, the General Manager met with each Commissioner individually to discuss the options listed above. They were unanimous in that, while the District and the partners were willing to defer costs, it would not be prudent or fair to our collective ratepayers to waive or forgive them. The General Manager discussed this with Mr.

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Johnson, and he said he certainly understood that rationale and prudence and said this would still send a positive message to his board. His board meets this evening, and Mr. Johnson will be making recommendations to move forward, making it clear the only option on the table is deferment.

Mr. Johnson, scheduled to retire May 15, was asked by his board to postpone his retirement and extend his stay to see Spanaway thru these current times in light of COVID-19, and he agreed to stay until year's end. The goal and plan is still to stick to the May timeframe to accomplish the above-referenced amendment with the terms as listed. Spanaway may take water from the District in late 2022 but early 2023 at the latest. The District remains responsible for 1 mgd of the total 10 mgd of wholesale water.

The General Manager asked for the Board's concurrence in this matter and in offering a deferment only. Each Commissioner voiced his verbal concurrence; hence, the Board concurred.

**BOARD AWARD OF SYLVAN PARK PHASE 4 R&R PROJECT:**

The General Manager invited the Superintendent to present the information on this agenda item. The District received eight bids for this project at the bid opening held electronically on March 24 at 10 a.m. The Engineer's Estimate from Parametrix was \$862,000.65 including sales tax. The low bidder was Stafford Excavating out of Enumclaw, Washington at \$784,576.10 including sales tax. The second low bidder was HCON of Puyallup, Washington at \$889,585.55, and the third low bidder was Pape & Sons of Gig Harbor at \$894,959.66, both including sales tax.

Both the low and second low bidders were vetted thru the District's contract attorney for background checks with good result. While Stafford has not performed work for the District before, references came back very positive. The Superintendent and General Manager recommended the Board award this project to Stafford Excavating. Commissioner Rediske so moved. Commissioner Barton seconded the motion which passed unanimously.

**REQUEST FOR BOARD CONDITIONAL ACCEPTANCE OF COMPLETION FOR VETERANS DRIVE R&R PROJECT:**

A memo from the Superintendent was included in the Board's pre-agenda documents requesting the Board conditionally accept completion of this project. Johnson & Maddox reached substantial completion on March 13 and final completion on March 27. The one-year warrantee period started April 16. This conditional acceptance will transition to a final acceptance of the project pending the final release requirements being met per the contract specifications. The Superintendent and General Manager recommended the Board conditionally accept this project as complete. Commissioner Rediske so moved. Commissioner Barton seconded the motion which carried unanimously.

**GENERAL MANAGER PROJECT UPDATES:**

**Pierce County 123<sup>rd</sup> Street SW Project**—The General Manager presented Resolution No. B-1464 to the Board for adoption. Drafted by District legal counsel K. Brossard, this resolution basically prohibits water service to this property until such time the balance owed the District in the amount of \$36,421.21 is paid plus 6 percent per annum applied from the date of construction of the work until the connection not to exceed ten years. So, the final outstanding balance plus 6 percent must be paid before anybody commences work at the property; this will come up with anyone requesting a water availability letter from the District. The General Manager recommended the Board adopt the resolution. Commissioner Rediske moved to adopt Resolution No. B-1464. Commissioner Barton seconded the motion which carried unanimously. Each Commissioner individually provided verbal approval for his electronic signature to be applied to this resolution.

**Wholesale Transmission Main Extension**—Prospect returned to the job Monday. They still have as yet to provide anything material to justify a time extension.

The General Manager stated he is happy with the progress on all the other projects.

**SUPERINTENDENT'S REPORT:**

The Superintendent's full, written report was provided to the Board in the pre-agenda packets. Supplemental to that report, the Superintendent stated the construction on the 32<sup>nd</sup> Avenue R&R Project is about to begin. Design is at 60 percent on the 39<sup>th</sup> Avenue R&R Project. There are two phases to this project—the first is 39<sup>th</sup> from Steilacoom Boulevard to 94<sup>th</sup>; the second is 94<sup>th</sup> to the District's Scotts Wellsite location. Phase 1 is scheduled to start this fall and finish next year. Phase 2 may start next year, depending on impacts/timing on the Gravelly Lake Drive projects.

The Field Staff are currently divided into three teams and are on a 3-day rotation except for the two-person flushing crew that come in daily, Monday-Friday. The staff is doing well. They conduct their morning meetings via Teams which is working out nicely.

**OFFICE SUPERVISOR'S REPORT:**

The Office Supervisor and Assistant Office Supervisor had nothing further to report.

**OTHER BUSINES:**

**General Manager Ideas to Acknowledge Staff**—The General Manager discussed with the Board ideas to acknowledge, thank, and commend the staff publicly such as via an ad in *The News Tribune*. Commissioner Rediske suggested perhaps putting the money to better use via another method, e.g., something in the newsletter, on the website, or an all-mailing letter to customers. The General Manager will discuss this further with the Commissioners in the coming days.

**Board Acknowledgement of Annual Employee Wage Increases**—The Board acknowledged wage increases for S. Jorgensen, J. Lea, and S. Skipworth.

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**Government Relations Committee Report**—The April Government Relations Committee meeting was canceled due to COVID-19 matters and measures.

**Wholesale Transmission Main Dedication Postponed**—Again, due to COVID-19 delays, this dedication has been rescheduled for October 7.

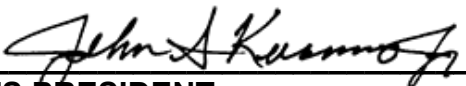
**O&M Programs Delays; plans for make-up**—The General Manager will be presenting options to the Board regarding returning to normal operations. Decisions will need to be made as they relate to how best to make up for delays on District O&M programs. Flushing is currently being carried out to maintain good water quality and customer comfort and confidence.

**Vacation Matters—possible rollovers and cash-outs**—The General Manager will also be discussing with the Board ideas and options as they relate to how to handle vacations in light of the COVID-19 delays and the need to make up much work. These options include the possibilities of increased rollovers and/or cash-outs. The General Manager will provide something more substantial for the Board's review at the May 21 meeting.

With no additional business to address, President Korsmo adjourned the meeting at 5:05 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:**

JLC – for Christie Butler  
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**DISTRICT SECRETARY**