

**LAKWOOD WATER DISTRICT
BOARD OF COMMISSIONERS
Minutes of Regular Meeting
Thursday, August 20, 2020**

Vice President Rediske called the Regular Meeting to order at 3:30 p.m. via a Microsoft Teams Meeting. Present at the meeting: Commissioners G. J. Rediske, and G. J. Barton; General Manager R. Black; Superintendent I. Black; Finance Director D. Logan; District Secretary C. Butler; Sr. Accounting Lead P. Mendoza; Assistant Office Supervisor T. MacDougall; District hydrogeologist B. Clothier of Pacific Groundwater Group; and District engineering consultants G. Peterson of Peterson Resources and M. Meyer and S. Ard of Murraysmith. The Board unanimously excused Commissioner Korsmo who was unable to attend the meeting.

PUBLIC COMMENT:

No members of the public were present.

APPROVAL OF MEETING MINUTES:

Commissioner Barton moved to approve the minutes of the July 13, 2020, and July 16, 2020 Regular Meeting; Commissioner Rediske seconded the motion which carried unanimously. The Commissioners individually gave verbal authorization for the use of their electronic signatures on these approved minutes.

FINANCIAL INFORMATION:

The Sr. Accounting Lead presented the July financials to the Board with assistance from the Finance Director.

Disbursements made from the General Ledger Fund for check number 42320 through 42486 totaling \$2,894,295.47, salary direct deposits totaling \$181,900.74, payroll taxes totaling \$71,116.73, and other electronic payments totaling \$246,566.43, for a grand total of \$3,393,879.37 were presented to the Board for approval. After review, Commissioner Barton moved to approve the payables as listed, and Commissioner Rediske seconded the motion which carried unanimously. The Commissioners individually gave verbal authorization for the use of their electronic signatures on these approved payables.

Year-to-date capital spending will be presented at a future meeting.

PFAS RESPONSE STRATEGY FINAL PLAN:

The General Manager introduced the presentation of the District's final proposed PFAS Response Strategy Plan, presented primarily by District engineering consultants G. Peterson and S. Ard with assistance from M. Meyer.

Mr. Peterson began with a review of what was covered on this subject at the July 16 Board of Commissioner meeting. The District's timeline included a meeting with Department of Ecology on June 19, 2019 and then a supplemental meeting with the Washington State Department of Health (DOH). In February 2020, the District committed to looking further into this matter and devising a plan. The final plan, presented via PowerPoint, began with answering the question, "How big is the PFAS problem?" The three-part answer was: 1) it was less severe operational-wise than initially suspected; 2) there was time to respond; and 3) time would mitigate the budget and rate impacts.

The presentation provided new insights into operational consequences of different PFAS policy choices by sharing results of the Extended Period Simulation (EPS) Modeling done by Murraysmith. Three water quality policies and levels were presented: 1) the Environmental Protection Agency's (EPA) Health Advisory Level (HAL) at 70 parts per trillion (ppt); 2) DOH's proposed State Advisory Level (SAL) at 15 ppt for PFOS and 10 ppt for PFOA; and 3) non-detect PFAS where PFAS would either be non-detected or the well(s) treated.

Three wells would be impacted by the EPA's HAL policy—Ponders H-1 and H-2 and Scott G-2. In addition to these three wells, three more would be impacted under the DOH SAL policy—Scott G-1, Country Place U-1, and 88th & Pine J-1. Four additional wells for a total of 10 would be impacted under the Non-detect policy—88th & Pine J-3, the District yard well D-3, Washington Boulevard E-3, and Hemlock L-2.

At the conclusion of the presentation, the General Manager made the recommendation to go with the DOH SAL policy option. His recommendation was based on multiple considerations summarized them in three main points:

- 1) This policy is more protective of public health than the EPA's current Health Advisory Limit (HAL);
- 2) The multi-faceted analysis completed by Murraysmith and PGG has shown if the recommended improvements are made, the District's system is robust enough to continue to provide safe and reliable water supply without the four wells (and almost 4,000 gallons per minute) that would be suspended under a SAL policy; and
- 3) While a SAL-based policy is expensive (about \$6.6 million in capital investment over the next 20 years), it represents very much a "stay the course" approach to system improvements. Needed improvements under a SAL policy include installing a Granular Activated Carbon (GAC) filtration treatment system at the Scott Well Site and developing two new wells (at Scott and 112th) over the next 10-15 years.

Using 2020 dollars, the estimated cost for the Scott GAC filtration system currently under design is around \$4.0 million. Moving ahead with filtration for G-1 and G-2 gives the District the time to budget for two new wells. In 2031, the new R-2 Well at 112th Street Well Site is projected to cost around \$1.4 million. In the year 2034, the Scott new

G-4 Well will cost around \$1.2 million. With this improvement schedule, if another well were to exceed the SAL, the District would need to accelerate development of the new R-2 Well from 2031 to an earlier date. Also, if needed on a temporary basis, the District would have the ability to increase withdrawals from existing wells at identified locations but for no more than 3-5 years.

For planning purposes going forward, it is reasonable the District will need to conform to the proposed State action levels sometime in 2021. The information the District has gathered during this process will serve the District now and into the future with regard to hydraulic operations and change within the District, as it adds new sources and/or storage to optimize operations for the District's retail and wholesale customers.

Commissioner Korsmo, while not able to be in attendance at this meeting, had shared with the General Manager he was in favor of adopting the SAL policy. Commissioner Barton moved to accept the recommended SAL policy. Commissioner Rediske seconded the motion which carried unanimously.

SPANAWAY SPUR WATER CONSTRUCTION AGREEMENT UPDATE:

The District received verbal agreement from Spanaway Water Company General Manager, J. Johnson regarding the recently furnished agreement for the construction of the Spanaway Spur. The District awaits a fully executed copy.

DISTRICT LIABILITY & PROPERTY INSURANCE RENEWAL:

The General Manager presented a summary of the proposed September 1 renewal for the District's property and liability insurance. The expiring premium of \$118,136 had increased to around the \$150K range due to the District's loss ratio over the past five years as well as some national rate increases. Additionally, the new booster station on the Wholesale Transmission Main Extension needed to be included in the coverage. District broker D. DeLorenzo of the Leavitt Group had made some suggestions to carrier Philadelphia Insurance to endeavor to lower the premium, but Philadelphia was holding firm. Mr. DeLorenzo investigated two other markets, but they were not realistic. For example, Liberty Mutual will not remove their pollution exclusion for Potable Water which means if anyone were to get sick on water for any reason, there would be no coverage. This means E-coli or terrorism pollution claims to the water would not be covered.

Coverage changes in 2020 included the addition of three new vehicles and the deletion of two. Building and content values were increased 3 percent to keep pace with replacement cost values. Of 33 vehicles, seven have no comprehensive and collision coverage due to their age and values. Mr. DeLorenzo recommends considering dropping coverage on any vehicle the District can afford to self-insure. This might be vehicles under \$10,000 in value where actuary self-insurance would pencil out over time.

IT Manager C. Fast has been assigned to take on this area and has been working with other firms with like coverages to shop pricing. It is possible the District may move its coverage and renewal date to January 1, 2021. In the interim, the General Manager recommended the Board approve the renewal as presented by the Leavitt Group with the plan to reduce the renewal premium from the \$150K range based on recommendations from the District's broker and information discovered by Mr. Fast.

Commissioner Barton moved to approve the renewal as proposed and recommended. Commissioner Rediske seconded the motion which carried unanimously.

WESTERN STATE HOSPITAL UPDATE:

Western State Hospital officials have requested the District turn on the emergency intertie with the hospital, as they have been having a difficult time with bacteriological testing and samples not passing. In July, the hospital had a sample test positive for E coli and had two positive coliform samples at the first of August. The intertie was turned on August 4.

Western State Hospital and DSHS would like to get out of the water business and hook up to the District as its sole source of water. The State Department of Health is actively supporting that effort. DSHS has requested the District provide documents that include the costs for a second connection at a second location. The District is insisting upon a condition assessment of the water system at the hospital be performed by a qualified consultant. In the meantime, District staff is continuing to search for documents regarding the procedures DSHS, DNR, and the District carried out in 1998 as they relate to appraisals for the land at the Philip Tank and the easement for the water main along Steilacoom Boulevard in front of the hospital. The District is interested in obtaining the hospital's water rights, wells, and 6.15 acres next to the existing Oakbrook Tank Site, all of which would be negotiated hopefully in the not too distant future. The General Manager stated he will keep the Board apprised even though there is no doubt this will be a slow process. Once completed, Western State Hospital would be the District's largest retail customer.

CROSS CONNECTION PROGRAM TEMPORARY FEE REDUCTION:

The District has been checking for undocumented cross connections while doing meter checks throughout the District over the last couple years. The last such search was conducted over ten years ago. The District is required under Resolution No. B-1432 and RCW 246-290-490 to address and correct cross connections where identified. Therefore, customers that have an undocumented backflow assembly or require a new backflow assembly where none currently exists will be required to obtain said device and all proper testing and documentation. The District and its Cross Connection Control staff are working on a systematic approach to accomplish this goal and further the protection of the District's water system. A letter is being crafted to send to all customers with a potential, undocumented cross connection. These letters will be sent in small batches to enable staff to properly respond in a timely manner.

As an incentive to customers to come into compliance with the District's Cross Connection Control Program, the General Manager recommended a temporary reduction in the District's permit fees from \$65.00 to \$32.50 if the customer purchases a permit within 30 days of receiving the letter. This (\$32.50) is the current price charged per device when a customer has already purchased more than two permits in a single transaction. This would keep pricing consistent for office staff and accounting.

This would be rolled out as a four-month pilot program through the end of the year to ascertain if it is effective. If successful, the Board may deem extending the temporary reduction until all customers on the list of possible undocumented cross connection have a 30-day opportunity to benefit from the reduction. If not successful, the District will return to normal permit pricing.

Commissioner Rediske moved to approve the temporary reduction of the District's backflow permit fee from \$65.00 to \$32.50 for a four-month period. Commissioner Barton seconded the motion which carried unanimously. The General Manager will keep the Board informed.

GENERAL MANAGER REPORT UPDATES:

The General Manger reported he had nothing more to report beyond that recorded in his pre-agenda memo to the Board.

SUPERINTENDENT'S REPORT:

The Superintendent's full, written report was provided to the Board in the pre-agenda packets. The Superintendent shared the District's Replacement and Rehabilitation (R&R) projects were running smoothly, with the last project of the year going to bid in September and work commencing in October. District field staff will also complete all scheduled system maintenance programs by year's end.

FINANCE DIRECTOR/OFFICE SUPERVISOR'S REPORT:

Assistant Office Supervisor T. MacDougall provided the Board with a summary of the recent conversion to Caselle software for Utility Billing. The conversion went live August 10, with four trainers on site at the District that week to assist the staff with the conversion. No major difficulties occurred; however, there is a steep learning curve in front of the staff.

Ms. MacDougall reported a total of 146 delinquent accounts. The late fee and shut-off moratoriums by the governor have been extended to October 15, 2020.

OTHER BUSINES:

Board Acknowledgement of Employee Wage Increases—The Board acknowledged annual wage increases for B. Brooks and K. Rounds and an additional promotion adjustment for B. Brooks.

Government Relations Committee Report—Commissioner Barton reported most of the focus at the August 13 committee meeting was on sewer systems. DOH is working to put constraint limits on discharge into the Puget Sound.

Update on Customer Response to BOC PFAS Letter—The General Manager reported there had been two calls in response to the Board's PFAS letter to all customers. Additionally, one letter of thanks and praise had been received just prior to the meeting.

General Manager Applying to Run for AWWA VP Position—The General Manager will be submitting his application to run for a Vice President position on the Board of Directors for the American Water Works Association. The District's Board of Commissioners and the Pacific Northwest Section support the General Manager in this endeavor.

DCIP Update—

Unfortunately, the District did not score high enough to receive funds from the Defense Community Infrastructure Program this year. Additionally, the City of Lakewood did not receive the grant monies for Washington Boulevard road improvement project.

RH2 Engineering Reimbursing Existing WTM Booster Pump Station Lost Costs—District engineering consultant RH2 Engineering is stepping up to pay for unbudgeted costs on the existing booster pump station and three days of lost revenue. This speaks highly of the quality and character of this consultant.

With no additional business to address, Vice President Rediske adjourned the meeting at 4:54 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