

**LAKWOOD WATER DISTRICT
BOARD OF COMMISSIONERS
Minutes of Regular Meeting
Thursday, November 19, 2020**

President Korsmo called the Regular Meeting to order at 3:30 p.m. via Teams. 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 P. Mendoza; Office Supervisor T. MacDougall; District Secretary C. Butler; and HR Analyst B. Levo.

PUBLIC COMMENT:

No members of the public were present.

APPROVAL OF MEETING MINUTES:

Commissioner Rediske moved to approve the minutes of the October 15 Regular Meeting and October 22 Budget Workshop Special Meeting. Commissioner Barton seconded the motion which carried unanimously. Each Commissioner individually gave verbal authorization for the use of their electronic signatures on these approved minutes.

FINANCIAL INFORMATION:

The Finance Director presented the October financials to the Board.

Disbursements made from the General Ledger Fund for check number 42767 through 42926 totaling \$1,418,061.42, salary direct deposits totaling \$195,012.43, payroll taxes totaling \$72,067.33, and other electronic payments totaling \$182,718.13, for a grand total of \$1,867,859.31 were presented to the Board for approval. After review, Commissioner Korsmo moved to approve the payables as listed. Commissioner Barton seconded the motion which carried unanimously. Each Commissioner individually gave verbal authorization for the use of their electronic signatures on these approved minutes.

PRESENTATION OF THE 2021 DRAFT BUDGET:

P&L—The Finance Director assured the Board all District Financial Policies had been maintained throughout the year and in the compilation of the 2021 Draft Budget. He reported most numbers had not changed since the Budget Workshop. While 15 percent higher for the month of October, year-to-date actual Sale of Water revenues were 5.5 percent behind the 2020 Budget with Total Operating Revenue at 4.4 percent behind budget. Total Operation & Maintenance Expenses were 6 percent ahead of budget. This helped the Net Operating Revenue to only be behind budget by 1.4 percent with a Net Income 6.14 percent behind budget. The 2021 Draft Budget contained no rate increase. To accommodate that, the Five-year Rate Forecast for the years 2022-2025 included a 6.01 percent rate increase each year. Commissioner Barton expressed concern, stating a 6 percent increase was a little large. Mr. Mendoza replied, these

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numbers were very conservative; plus, the District could see higher retail water sales should the COVID restrictions be lifted in 2021.

Capital Expenditures—That which is putting pressure on the 2021 Budget is in the area of capital, perhaps most particularly, the needed GAC (Granular Activated Carbon) filtration systems to filter out PFAS in a number of District wells and the substantial legal costs surrounding the issue; namely, the District's lawsuit against the federal government. Commissioner Korsmo stated he did not want to jeopardize the District's debt ratio and stated the District managed its expenses very well. He further stated he would like to stick to the rate model and manage the rates. He encouraged maintaining the mentality of keeping the District's rates as low as reasonably possible, always raising rates as a last resort. The General Manager pointed out that this is a very conservative budget with some real opportunities to help with lowering capital spending such as grant funds from the State of Washington in the amount of \$5.3M and FEMA grant funds in the amount of \$1.3M.

The General Manager highlighted the biggest changes in this area since the Budget Workshop. GAC for the G-3 Well went from \$4.5M to \$6.35M; PFAS legal costs went from \$670K to \$707.5K, and this is probably going to gradually increase in 2021 and 2022. To this is added \$17,500 for hydrogeological services from the District's consultant at Pacific Groundwater Group and \$20,000 to Peterson Resources, again, both for PFAS-related matters. Another "unknown" came from the District's PFAS attorney in that he recently advised the District to hire a consultant to review and offer suggestions as it related to the District's PFAS sampling process and protocols. This decision is still to be made and would need to be added to this budget.

That budgeted for ShakeAlert increased by \$50K due to the shake monitoring equipment. This item could be delayed. Another addition to the capital budget since the Budget Workshop was \$100K for improvements to the District's Annex to provide storage for purchased equipment presently sitting out in the elements. This also could be deferred another year but not solve the problem of having new equipment out in the weather.

Painting and maintenance of pumping buildings was added since the Budget Workshop at \$60K. This, however, will be moved to the Pumping capital budget. A very important addition was \$65K to abate asbestos in the District's HVAC system in the basement where one employee currently works.

R&R Projects—there were no changes in the 2021 R&R portion of the budget since the Budget Workshop. The Superintendent outlined shifts in the five-year forecast from that in the 2020 Budget, the main impetus being that of needing GAC systems sooner than later, increasing that forecasted for 2022 from \$3M to \$6.7M. If the District receives FEMA grant monies for the Steilacoom Tank seismic improvements (which is promising), that will help. The five-year forecast captures District staff's best

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knowledge/guess of what is coming/will be needed but is a baseline and does not, of course, include things not yet known.

At this time, President Korsmo asked if the remaining agenda items could be deferred to the December meeting. The General Manager very quickly wrapped up the presentation of the 2021 Draft Budget by briefly summarizing the wage and benefit components of the budget. After review of Consumer Price Indexes and projected employee wage increases for 2021 by our peers, he will be recommending a 2 percent base wage increase and up to a 3 percent merit increase. He explained the wage and benefit spreadsheet in the draft budget did not yet include a line item for 2021 salary adjustments. Medical/vision/Rx premiums from Regence Blue Shield will increase by 6.9 percent, with rate passes from Delta Dental of Washington and Principal Life. He then asked for five minutes to present the next two important items.

Commissioner Barton stated the District should avoid delaying maintenance that needs to be done.

BOARD APPROVAL OF UPDATED PANDEMIC PREPAREDNESS PLAN:

The General Manager presented to the Board a revised pandemic preparedness plan as put together by the District's human resources attorney. This updated plan reflects additional information in guiding staff and the District in handling COVID-19 situations for and with employees and the respective protocols involved, reflecting new guidance and direction from the CDC. The General Manager recommended the Board approve the updated plan. Commissioner Rediske so moved, Commissioner Barton seconded the motion, and it carried unanimously. There was no need for Commissioner electronic signatures.

BOARD APPROVAL OF REVISED OVERTIME POLICY VIA ADOPTION OF RESOLUTION NO. B-1465:

The General Manager presented Resolution No. B-1465 for adoption. This resolution included an amended section of Resolution No. B-1454 to provide the District the means by which to properly address a unique situation as it related to how to compensate an employee for an eight-hour rest break after working over 20 hours in 24 and who had reported for work. However, the employee was on call for the weekend and, therefore, we sent him back home in order for him to get rest and to be able to take calls after 5 PM that day. At the time, the only choice was either to have the employee take the day off by using sick leave or vacation time in order for the employee to receive the full allotment of overtime he had worked; otherwise, that time would've counted towards his regular dayshift at regular-time pay. This proposed recommendation from our HR attorney allows the employee to receive the overtime and not have to use either sick leave or vacation time when sent home in the pursuit of continuing the on-call duties the rest of the time. It is my recommendation the Board approves this change to the on-call overtime policy as outlined. Also, if you approve the recommendation, I want to request your approval to give back the sick day the employee had to use in this case,

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as I did not have the power to allow him simply to go home and come back later in the day to be on call without having to use either sick leave or vacation him to get the overtime he had worked and compensation he was counting on. **BOARD OF COMMISSIONERS APPROVED THE APPROVAL OF REVISED OVERTIME POLICY VIA ADOPTION OF RESOLUTION NO. B-1465.**

APPROVAL OF UPDATED DISTRICT GFC SCHEDULE:

Due to time conflicts for one of the Commissioners needing to get to another meeting, this agenda was tabled by President Korsmo until the December 17 meeting.

GENERAL MANAGER PROJECT UPDATES:

Due to the brevity of time, the General Manager stated he had nothing pertinent to report supplemental to that in his memo distributed to the Board in the pre-agenda documents.

SUPERINTENDENT'S REPORT:

The Superintendent's full, written report was provided to the Board in the pre-agenda packets. Due to time restraints, the Superintendent shared he had nothing supplemental to report.

OFFICE SUPERVISOR'S REPORT:

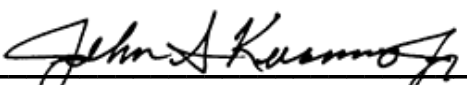
Due to time restraints, the Office Supervisor offered no report at this time.

OTHER BUSINES:

There was no Other Business presented for discussion. President Korsmo therefore adjourned the meeting at 5:29 p.m.

**LAKESWOOD WATER DISTRICT
BOARD OF COMMISSIONERS**

BY:



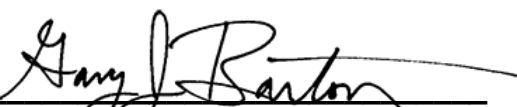
ITS PRESIDENT

BY:



ITS VICE PRESIDENT

BY:



ITS SECRETARY

ATTEST:

JLC – for Christie Butler

DISTRICT SECRETARY

