



COMMISSIONERS
J.S. Korsmo, Jr.
G. J. Rediske
G. J. Barton
GENERAL MANAGER
Randall M. Black

**LAKWOOD WATER DISTRICT
BOARD OF COMMISSIONERS
Minutes of Regular Meeting
via Microsoft Teams
Thursday, December 17, 2020**

President Korsmo called the Regular Meeting to order at 3:30 p.m. via Microsoft 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 District General Counsel C. Chambers.

PUBLIC COMMENT:

No members of the public were present.

APPROVAL OF MEETING MINUTES:

Commissioner Rediske moved to approve the minutes of the November 19 Regular 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 informed the Board the Financial Statement Audit had been completed by the State Auditor's Office and reports provided to the District Commissioners and pertinent staff. The Finance Director then presented the November financials to the Board.

Disbursements made from the General Ledger Fund for check number 42927 through 43030 totaling \$662,397.27, salary direct deposits totaling \$193,196.03, payroll taxes totaling \$68,843.91, and other electronic payments totaling \$1,404,366.22, for a grand total of \$2,328,803.43 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 payables.

PRESENTATION OF THE FINAL 2021 BUDGET:

The General Manager was proud to present to the Board the 2021 Budget. He again thanked the staff for all the work each one contributed to make it the best possible. President Korsmo also complimented the staff on the compilation and production of this year's budget, stating it was a reflection of all the hard work that had gone into it by so many of the staff. He further stated it was well written, thorough, comprehensive, and clearly tells the District's story to any reader.

Board of Commissioners' Regular Meeting

December 17, 2020

Page 2

Commissioner Korsmo asked the Superintendent about not getting to Replacement and Rehabilitation (R&R) projects due to budgetary reasons. The Superintendent replied, the only R&R Project started in 2020 but not completed on time and within budget was the 39th Avenue Project. This, however, was not due to budgetary shortages but by plan and design. It was the plan in the 2020 Budget to start this project in 2020 and complete it in 2021 unless extra funds from unexpected savings availed themselves.

The General Manager continued with a brief overview of the 2021 Budget, chapter by chapter, highlighting changes since the presentation of the 2021 Draft Budget. The General Manager checked with the Board at the conclusion of each chapter's summary to see if there were any questions.

Chapter One. There was \$400K shortfall in the Total Miscellaneous Income/Expense from that originally forecasted. This was offset by ending up with \$1.2M more in cash than expected which lessened pressure on rates. Additionally, the District expects to be awarded a second grant from FEMA in the amount of \$1.25M (with the District paying its 12.5 percent).

In the section on Internal Controls, it was reported that the District strengthened its process. At the behest of the Board of Commissioners, the General Manager spearheaded a review of the District's internal controls with key staff to verify those controls. This resulted in an even more fortified plan of action already put in place.

Chapter Two. This chapter outlines the District's wholesale water activities and timelines, past, present, and future. The next large undertaking in this area will be the construction of the Spanaway Spur to connect Spanaway Water Company's system to the Wholesale Transmission Main. This process will begin in 2021 with completion targeted for July 2022, with Spanaway contracted to take water by January 1, 2023. No revenue is yet forecasted in the Budget for these additional sales.

The Finance Director reported that due to increased wholesale sales in the second half of 2020, revenues once forecasted to be 7 percent below budget were now at 5 percent.

Chapter Three. This chapter outlines the District's capital and R&R project including that accomplished in 2020, a detailed schedule for 2021, and a five-year forecast.

Changes in this area since the Draft Budget included the following:

- \$80K for third-party review of the District's PFAS sampling processes
- A redirect of tank painting and painting and maintenance of pumping buildings
- \$17.5K for Bill Clarke legal services
- \$110K for Annex improvements for equipment storage
- \$71.5K to abate asbestos in the District's HVAC system
- The Governor's budget now included \$4.5M for the GAC system at Scott Wellsite

There were no significant changes in **Chapter Four** (Organizational Structure and Personnel) and **Chapter Five** (Employee Wages & Benefits).

Commissioner Rediske moved to adopt the 2021 Budget as presented. Commissioner Barton seconded the motion which carried unanimously. Each Commissioner individually gave verbal authorization for the use of their electronic signatures.

BOARD AWARD OF G-3 MANGANESE FILTRATION SYSTEM PROJECT:

Due to delays on the part of some of the bidders, this agenda item was tabled. The bid opening, scheduled for December 15 will now be held virtually on December 22 at 10 a.m. The General Manager asked for a Special Meeting later the day of December to be able to award the project. The Commissioners said they would check schedules and get back to the General Manager to schedule the Special Meeting.

APPROVAL OF UPDATED DISTRICT GFC SCHEDULE:

A presentation and draft revised GFC schedule had been shared with the Board for review at the October 15 Regular Meeting, to be up for approval at the November 19 Regular Meeting. The proposed revised schedule showed a slight increase of 2.5 percent. The last GFC schedule change was approved in 2014 to go into effect over the years of 2015, 2016, and 2017. This agenda item was tabled at the November 19 meeting due to time restraints and other Commissioner commitments. It was presented at this time for approval with a recommendation by the General Manager to endorse the revised schedule. Commissioner Rediske moved to approve the revised GFC schedule. Commissioner Barton seconded the motion which carried unanimously.

REQUEST FOR BOARD CONDITIONAL ACCEPTANCE OF COMPLETION FOR 32ND AVENUE R&R PROJECT:

Request for Board conditional acceptance of completion for this project was initially on the agenda for the September 17 Regular Meeting; however, the District received a change order from contractor Scarsella Bros. just minutes prior to the meeting. This matter has since been addressed, and the project is now completed. The Superintendent and General Manager respectfully requested and recommended the Board's conditional acceptance of completion for this project at this time. If granted, the conditional acceptance would transition to final acceptance of the project pending the final release requirements being met per the contract specifications. Commissioner Rediske so moved. Commission Barton seconded the motion which carried unanimously.

REVISED UNIFORM POLICY (EXHIBIT A, RESOLUTION NO. B-1267):

The District's current Uniform Policy included an annual stipend of \$450.00 for field staff for the purchase of work jackets, boots, etc. etc. Over the years, where staff has accumulated enough jackets and shirts to fill their needs, it has been requested to add the flexibility of including denim jeans in the list of acceptable purchases. This would not increase the cost to the District; rather, simply add flexibility in the items staff can

purchase and be reimbursed for, with receipts, under the policy. The General Manager recommended the Board approve this addition/change to the policy via motion as provided in the resolution. Commissioner Rediske moved to approve the updated Uniform Policy. Commissioner Barton seconded the motion. After discussion, the motion carried unanimously.

GENERAL MANAGER PROJECT UPDATES:

The General Manager reported he had nothing substantive to add to that included 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. Supplemental to that report, the Superintendent gave major "kudos" to the field staff and also the office staff, not only for all they accomplished during the most challenging of times but how they rose to the occasion, stepped up to the plate, and how they handled themselves during it all. It is a significant tribute to the District and its staff that the District not only completed its entire list of projects on time and within budget but caught up on all maintenance programs as well.

The Superintendent asked if any of the Commissioners had any questions. Commissioner Korsmo asked about the status of the Gravelly Lake Drive project; the Superintendent reported it is proceeding forward.

OFFICE SUPERVISOR'S REPORT:

The Office Supervisor reported the District's delinquent account currently numbered 180. Once the restrictions regarding fees and water turn-offs for non-payment are lifted by the Governor, those longest-time delinquent customers who have not responded to any of the District's notices or communications will be addressed first. In the meantime, the District recently received word that it would receive \$22.5K from the CARES Act via the City of Lakewood to assist with paying water bills of those impacted by COVID-19.

OTHER BUSINES:

Board Acknowledgement of Employee Wage Increases—The Board acknowledged annual wage increases for employees A. Avery and D. Funderburk.

Government Relations Committee Report by Commissioner Barton—Commissioner Barton reported there was no committee this month.

Annual Board-approved Office Closure for Staff Holiday—The General Manager informed the Board the staff would be enjoying their holiday half-day off (with District closure) the next day, Friday, December 18. The District will be open 8:30 a.m. until noon and then closed the rest of the day.

Board of Commissioners' Regular Meeting

December 17, 2020

Page 5

LWD/City of Lakewood Franchise Agreement Disagreement—The General Manager reported receiving an email from D. Cohen of the City. The City continues to be unmoving as it relates to accepting their responsibility under its Franchise Agreement with the District to split certain project costs 50/50 as it relates to moving District infrastructure to facilitate new storm water infrastructure for the City. Such was the case in the Motor Avenue project where the City has refused to pay its 50 percent of those costs.

The General Manager wanted direction from the Board whether to pursue or leave as is. To pursue this matter legally (potential litigation), the District would need to request all related information (emails, reports, correspondence, etc.) from the City via public disclosure request. After discussion, it was the Board's concurrence to proceed with pursuit of legal action on this matter. If this matter is left alone, there will be other instances in the future, and this should not fall on the back of District ratepayers.

District General Manager Serves as AWWA Vice President—The District's General Manager will fill one of four Vice President positions for the American Water Works Association. His tenure takes effect in June 2021 and will conclude June 2022.

With no additional business to address, President Korsmo wished the staff all the best for each one and their families. He then adjourned the meeting at 5:05 p.m.

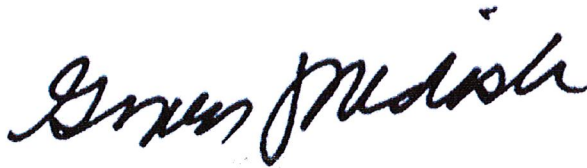
**LAKEWOOD WATER DISTRICT
BOARD OF COMMISSIONERS**

BY:



ITS PRESIDENT

BY:



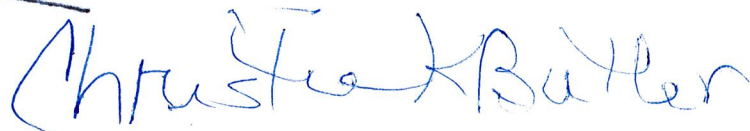
ITS VICE PRESIDENT

BY:



ITS SECRETARY

ATTEST:



DISTRICT SECRETARY

