



**LAKESWOOD WATER DISTRICT
BOARD OF COMMISSIONERS
Minutes of Regular Meeting
February 16, 2023
Boardroom & Via Microsoft Teams**

1. CALL MEETING TO ORDER

President Korsmo called the Regular Meeting to order at 3:30 PM.

2. ATTENDANCE

Present at the meeting: Commissioners J. Korsmo, G. Rediske, and G. Barton; General Manager R. Black, Operations Manager I. Black, Engineering Manager M. Meyer, Finance Manager P. Mendoza, Office Manager T. MacDougall, IT Manager C. Fast, Administrative Assistant J. Clark and District Counsel Tom Pors.

3. PUBLIC COMMENT

None.

4. WATER RIGHTS UPDATE – TOM PORS, ATTORNEY

General Manager Black shared some history on SB5517. Mr. Pors and other water rights attorneys have been working on a bill that addresses the problems because of the Foster court case entangling the water rights process for all new water rights applications and providing guidance on how utilities can facilitate mitigation regarding water rights. USGS is coming out with a new model, and some items that have come out of the court case and some of the interpretations by the DOE have been beyond what the Foster decision was meant to put forward. Last week Mr. Pors, Mr. Clarke, and General Manager Black testified to the legislative committee. They made great remarks about the need for the legislature to fix the challenges resulting from the Foster case.

Mr. Pors shared he has been working on water rights, especially on an additional deep aquifer groundwater application that has been pending for the last 12-13 years. This application is to supplement the Districts' supply of wholesale water.

Mr. Pors reviewed the history of the Foster Task Force and SB5517 – enacting recommendations from the joint legislative task force on water resource mitigation. This bill will allow for clarity and consistency regarding how groundwater modeling is used around the state. The Foster decision jeopardizes public health by requiring perfect mitigation and prevents water purveyors from using smart mitigation to protect public and fish habitats; this bill addresses that issue. There have been changes to the application for groundwater applications that the DOE processes.

Unfortunately, the bill did not make it out of committee. Mr. Pors will continue to work with Bill Clarke, Lobbyist, on how to move forward and what changes are needed for next year to ensure groundwater is more feasible. He shared that we will work harder by breaking

it down to separate bills and with more negotiations before the session and hopefully head off the opposition to this legislation.

General Manager Black shared a letter from DSHS regarding Western State Hospital as part of the giving value of their water rights, pumps, and wells. In some of the negotiations, we will need to come up with the quantity of water certificates they have been given and come up with a price to negotiate with that would go as credits for those water rights to go towards the infrastructure improvements needed for the hospital.

Mr. Pors shared that there will need to be a lot of work done between now and next year's session to make things change. We need to start looking at how to craft some legislation that is focused on the District regarding its retail and wholesale service area, what the needs are in this basin, and how to solve the problems that are getting worse due to PFAS.

We have a need to deepen wells and go into other aquifers, which raises some of the same legal issues with groundwater modeling and the Foster case. To fix those issues due to an emergency such as PFAS, there has to be a legislative focus on what is needed in the basin. If we work with the local tribes, and local representatives of the environmental organizations, we probably have a better chance to work out a special purpose legislation for the District rather than trying to craft statewide changes for groundwater law.

5. APPROVAL OF MEETING MINUTES FROM 1/19/23 REGULAR MEETING.

COMMISSIONER REDISKE MOVED TO APPROVE THE JANUARY 19, 2023, SPECIAL MEETING, SECOND BY COMMISSIONER BARTON. MOTION PASSED UNANIMOUSLY.

6. FINANCIAL INFORMATION

Philip Mendoza, Finance Manager, presented the December 2022 and January 2023 financials to the Board. He shared that *Retail Sales* in December 2022 were 15.55% higher than budgeted and 0.12% higher than budgeted YTD. We had 95% consumption YTD vs 2021. *Operating Revenue* is 2.70% higher than budgeted and within 0.75% of the budget (3 pay periods in December). *Pumping Operations* is 65.02% over budget and 4% over budget YTD (Telemetry costs throughout the year 4% higher). *Admin & General Expenses* 11.69% under budget, 21.9% over budget YTD (additional mailings costs, membership costs, job allocation costs, software, etc.). *Water Treatment Operations* are 23.7% under budget and 19.7% under budget YTD. Total operating expense is 0.42% over budget (additional mailings costs, membership costs, job allocation costs). *Transmission and Distribution Operations* is 48.6% over budget and 1.15% under budget YTD (main break \$147k). *Total Operating and Maintenance* expense is 0.38% within budget YTD. *Net Operating Revenue* 12.5% under budget and 1.35% YTD (significant interest income and the wholesale true-up.)

Mr. Mendoza shared that *Retail Sales* in January 2023 were 8.43% higher than budgeted. *Operating Revenue* is 3.44% higher than budgeted. *Pumping Operations* is 14.24% under budget. *Water Treatment Operations* are 45.1% under budget. *Transmission and Distribution Operations* is 30.3% under budget. *Total Operating Expense* is 17.7% under budget. *Total Operating and Maintenance Expense* is 9.2% under budget.

A. Approval of Payables

Disbursements made from the General Ledger Fund for checks number 45567 through 45668 totaling \$1,238,373.12, salary direct deposits totaling \$212,576.20, payroll taxes totaling \$78,597.93, and other electronic payments totaling \$308,893.20 for a total of \$1,838,440.45 were presented to the Board for approval.

COMMISSIONER REDISKE MOVED TO APPROVE THE PAYABLES AS LISTED. COMMISSIONER BARTON SECONDED THE MOTION. MOTION PASSED UNANIMOUSLY.

7. BID AWARD 96TH ST S AND FRONT ST S WATER MAIN REPLACEMENT, JOB #781.

Operations Manager Ian Black shared that nine bids were received, and the lowest bidder was HCON Inc. with a bid of \$1,274,350.00. Staff recommends the approval of HCON Inc. for the 96th St S and Front St S Water Main Replacement, Job #781.

COMMISSIONER REDISKE MOVED TO APPROVE THE AWARD HCON INC IN THE AMOUNT OF \$1,278,350.00 FOR THE 96TH ST S AND FRONT ST S WATER MAIN REPLACEMENT, JOB #781. COMMISSIONER BARTON SECONDED THE MOTION. MOTION PASSED UNANIMOUSLY.

8. BOARD APPROVAL OF CHANGES TO THE DEVELOPER EXTENSION AGREEMENT AND DESIGN & CONSTRUCTION SPECIFICATIONS & STANDARDS.

General Manager Black shared that every February, staff bring updates that occurred over the past year with the Design and Construction Specification and Standards for approval.

Operating Manager Black and Engineering Manager Meyer compiled changes, and the major changes are the addition of Star Pipe Products and AY McDonald to the approved manufacturers. The other major update was the changes to the Cross-Connection/Backflow section.

Staff is seeking approval of the 2023 Developer Extension Agreement and Design & Construction Specifications & Standards.

COMMISSIONER REDISKE MOVED TO APPROVE THE CHANGES TO THE DEVELOPER EXTENSION AGREEMENT AND DESIGN & CONSTRUCTION SPECIFICATIONS & STANDARDS. COMMISSIONER BARTON SECONDED THE MOTION. MOTION PASSED UNANIMOUSLY.

9. GENERAL MANAGERS REPORT

Randall Black, General Manager, provided the following updates:

A. Western State Hospital

We had a great conversation with DSHS and DOH regarding the new Western State Hospital. Operations Manager Black and Engineering Manager Meyer attended a design meeting with the design team. There were some concerns about proceeding with many unknowns, such as fire protection, connection to the existing system and dead ends, etc.

They shouldn't add new infrastructure without knowing what is happening with the current system. DOH agreed, and there is a meeting coming up with DSHS and DOH to work together to avoid negative costs impacts.

B. PFAS

General Manager Black spoke with Jeff Kray, who shared that the City of Moses Lake has retained Martin Law regarding PFAS; this helps keep the costs down for everyone by having a fourth agency join the fight.

Commissioner Rediske inquired if it would benefit the Districts to meet with the Sierra Club and the Tribes to share how utilities are operating and clarify information that is being shared incorrectly. General Manager Black shared that Bill Clarke has suggested this, and they will see what can be done after the legislative session.

Additional information is available in his report.

10. OPERATIONS REPORT

Ian Black, Operations Manager, shared that Pape & Sons finished the last tie-in today on Naomilawn and will start restoration and paving next week. Lake Steilacoom main is in, and they have started on the services, and we hope they will be done by the end of the month and doing restoration by the end of March.

Operations Manager Black shared a map of the current AC main. The District originally had 180 miles out of 256 miles, approximately 70% of AC mains, and we are down to 52%.

General Manager commented that the majority of the AC mains were installed before the District moved to ductile iron and PVC in 1980. Operations Manager Black shared a majority of the system was built in the 1950-1960s.

The last project two projects of 2024 are with the consultants for design.

11. ENGINEERING MANAGER'S REPORT

Marshall Meyer, Engineering Manager, was not present at the meeting. Please see his submitted report.

12. INFORMATION TECHNOLOGY MANAGER'S REPORT

IT Manager Christian Fast shared that all the old network cable has been demoed and replaced with new CAT6 wiring. New Network switches, Firewalls, and Wi-Fi access points have been installed, and all network equipment has been relocated to the EOC from the basement. This allows the District to share resources such as power protection equipment, Internet connections, and racking between the SCADA and Production networks while keeping the resources separated. All the wires have been labeled and moved up out of the way in case of flooding.

Seven new Notebook PCs have been issued to field staff, replacing Getac Tablets. All staff are now on the same HP Envy notebook platform. Vehicle mounts have been acquired for all field staff to mount notebook PCs securely.

Dish Network is a self-insured entity with self-insured retention ranging from \$500,000 to \$1,000,000 based on the policy type. Chubb holds the retention as a cash reserve to pay claims up to the limit of the retention. Once the retention limit is reached, Chubb will pay any claim over the retention limit. Dish has asked for the ability to adjust the retention without notifying the District of the change and having to have an amendment for each modification. We believe that setting a cap of \$1.5M on the retention amount as long as Dish maintains \$2.0B in cash and assets is a good compromise and have worked with Inslee-Best to negotiate these terms as well as language that protects the District if Dish decides to adopt a more traditional deductible based approach to their coverage. Because this is outside the limits previously established by the District and the Board of Commissioners, we seek the Board's approval to proceed.

IT Manager Fast also shared that AT&T has interest with the Nyanza Tank, we will know more in a month.

COMMISSIONER KORSMO MOVED TO APPROVE DISH NETWORK INSURANCE LIMITS OF CAP OF \$1.5 MILLION ON THE RETENTION AMOUNT AND AS LONG AS DISH MAINTAINS \$2.0 BILLION IN CASH AND ASSETS. SECONDED BY COMMISSIONER REDISKE. MOTION PASSED UNANIMOUSLY.

District Insurance Update

The District's Insurance carrier, Philadelphia Insurance, requires the District to add PhlyTrac GPS units to all District Vehicles. Our broker was only aware of this change after the policy renewal had already been received, and he was unaware when the renewal was presented to the Board. There is no cost to the District for this service or the devices. The devices will track each vehicle's location, hard braking, heavy acceleration, seatbelt usage, and error codes and collisions. District management will be able to see vehicle location and status in real-time, receive regular reports, and establish geofenced borders for notification in the event a vehicle leaves or enters District-defined and/or status-defined geographic regions. In return for agreeing to use PhlyTrac, Philadelphia will keep the District in its discounted rate tier for its business auto coverage. The estimated saving to the District for participation is \$18,500 on the District's Business Auto policy (2022 Rate: \$69,500. 2023 Rate: \$51,000 difference of 26.6%). The discount rate will be reviewed annually based on reporting experience.

General Manager shared the installation of the GPS units are only being installed due to cost savings and requirements from the insurance company to keep our rates low, and we are not doing this to monitor staff movements.

BOARD APPROVED THE INSTALLATION OF THE GPS UNITS.

a. Bid Award Backflow Testers

IT Manager Christian Fast shared he received two quotes back, and the lowest bidder is Backflows Northwest Inc. with \$29.99 per test. Staff is asking for Board approval for Backflows Northwest Inc. for the 2023 contract.

COMMISSIONER REDISKE MOVED TO APPROVE BACKFLOWS NORTHWEST INC. CONTRACT AT \$29.99 PER TEST. COMMISSIONER KORSMO SECONDED THE MOTION. MOTION PASSED UNANIMOUSLY.

IT Manager Christian Fast shared that the District currently charges a \$10 admin fee, and due to streamlining the process, we recommend lowering the amount to \$5, which will keep the rates the same as in 2022. Mr. Fast will bring the resolution for the proposed change to the March 2023 meeting.

b. Approval of Surplus & Disposal

IT Manager Christian Fast provided the list of items to surplus and dispose of. The items have been categorized into four categories: surplus to the State for auction, disposed of, recycled, and for public auction.

MOTION TO APPROVE THE SURPLUS & DISPOSAL BY COMMISSIONER BARTON, SECONDED BY COMMISSIONER REDISKE. MOTION PASSED UNANIMOUSLY.

13. OFFICE MANAGER'S REPORT

a. Approval of Resolution B-1480 amending and replacing B-1388 Account Set Up and Procedure.

General Manager shared that we need to replace resolution B-1388 with resolution B-1480 removing the tenant language.

MOTION TO APPROVAL OF RESOLUTION B-1480 AMENDING AND REPLACING B-1388 ACCOUNT SET UP AND PROCEDURE BY COMMISSIONER REDISKE AND SECONDED BY COMMISSIONER BARTON. MOTION PASSED UNANIMOUSLY.

14. Other Business:

- a. The Board acknowledged the wage increase this month.
- b. Commissioner Barton provided a brief update on the WASWD Legislative Committee. He will forward the updates from the WASWD lobbyist to General Manager Black and he will forward the updates to the Commissioners.
- c. Our next Commissioner's meeting will be on March 16, 2022, at 3:30 PM.

15. PUBLIC COMMENT

None.

16. TOUR OF THE BACK PROPERTY

Board recessed the Board meeting to walk to the back property at 5:00 PM and resumed at 5:05 PM at the new steel building. The Board toured the new steel building and was impressed with the building and the ability with the drive-through access for the larger equipment. They also liked the roof's insulation and the ease of raising the large garage doors.

Commissioner Korsmo recommended that we have a policy in place that staff needs to review the area before leaving the garage to make sure the area is clear. General Manager Black stated he would make sure that was added.

Meeting recessed to walk back at 5:13 PM. Meeting was called to order at 5:15 PM.

17. ADJOURN

President Korsmo adjourned the meeting at 5:16 PM.

**LAKWOOD WATER DISTRICT
BOARD OF COMMISSIONERS**

BY:



ITS PRESIDENT

BY:



ITS VICE PRESIDENT

BY:



ITS SECRETARY

BY:

 3/16/23

DISTRICT SECRETARY (DATE)