



**LAKWOOD WATER DISTRICT
BOARD OF COMMISSIONERS
Minutes of Special Meeting
October 10, 2023
Boardroom & Via Microsoft Teams**

1. CALL MEETING TO ORDER

President Korsmo called the Regular Meeting to order at 8:30 AM.

2. ATTENDANCE

Present at the meeting: Commissioners J. Korsmo, G. Rediske, and G. Barton; General Manager R. Black, Engineering Manager M. Meyer, Finance Manager P. Mendoza, Operations & Mtn. Manager J. Dean, HR Manager B. Levo, Safety Officer/Foreman S. Rae, O&M Dept. Head B. Gaskins, P&W Dept. Head D. Stanley, and Administrative Assistant J. Clark. Online: Customer Service Manager T. MacDougall, Accounting Specialist II Michelle Kohler, and Accounting Specialist I Carrie Bledsoe.

3. PUBLIC COMMENT

None.

4. STAFF INTRODUCTIONS

Staff went around the room and shared their name and title.

5. 2023 Budget And Accomplishments – Introductions (Randy And Marshall) – 5 Minutes

General Manager Black & Engineering Manager Meyer shared how proud they are of the staff for all of their hard work on this budget and how they are great stewards of the water system. General Manager Black recapped last year’s budget goals and where we are today.

Key Assumptions for 2023 Budget

- PFAS Mitigation Projects
 - Projected at \$18 million (SAL level) with \$8 million in grant funding; \$10 million out of the District funds.
- Projected borrowing of \$5 million in 2023 to cover PFAS projects.
- Overly conservative revenue projected at 310 million CF for the average consumption - 2023 Actual Projects 340 million CF of retail water sold.
 - SAL level to EPA MCL level for PFAS Mitigation Projects changed the cost from \$18 million to \$37 million (from 2023-2030)
- \$8 million of DWSRF became low-interest loan vs. grant.
- Rate Model Assumptions and Changes:
 - Reduced R&R Projects for 2024 and 2025 to \$1 million per year to reduce pressure on rates.
 - Get awarded the PWB Loan (Low Interest) for \$10 million

- Deferred 2023 Revenue Bond issue for future years

Due to the projections of the loans vs grants, SAL level vs the newly proposed MCL level, water consumption all changing, staff came to the Board to ask for a new direction.

The Board of Commissioners approved the following:

- Reduction of capital projects in addition to approved R&R project deferral
- Programs retain priority and importance.
- Strength in Retail Water Consumption for 2023 and positive outlook for 2024 and onwards
- Better cash position at year-end 2023

With all the changes our rate forecast for 2024 went from 11.4% increase to 8.39%.

We have retained all our annual programs. Mr. Gaskins worked diligently with Mr. Meyer to look at the programs and what goes into each of them. One of the items discovered is that we budget \$100k for degradation fees to the city and we haven't had to pay those since the city incorporated.

a. Pumping Department (Don & Marshall)—Brief Summary – 10 minutes

Mr. Stanley shared the following highlights for the pumping department.

- The 2023 pumping season started earlier this year; in the month of May, we pumped 134 mgd more than we did in May of 2022. In July and August, we pumped 100 mgd more through those months. This, coupled with wells being shut down due to PFAS, made it a trying time to keep sources online. The Pumping Department found innovative ways to keep everything online, from ensuring maintenance was done in a timely fashion to head off equipment failures to keeping spare parts available if a piece of equipment were to go down. Their training and determination made 2023 a trying but successful year.
- N1 and N3 wells at View Road are back online to help support the West End of the District and the Town of Steilacoom.
- Wholesale Booster Station had pump go down with fist sized rocks, baskets were installed on all four pumps and two damaged pumps were rebuilt.
- Secured a little over \$22 Million of funding for four PFAS projects. (\$8.2 million at 2.25 percent, \$10 million at 1.78% and just under \$4 million of grant funding)
- Increase security with cameras at different sites.
- Lead and Copper testing (31 samples)
- PFAS testing takes hundreds of samples per year.

b. Construction and Operations (Bobby & Marshall) —Brief Summary – 10 minutes

Mr. Gaskins shared the following highlights for the Operations & Maintenance Department.

- Flushing Program - It took longer this year to complete the flushing program due to not doing the program last year.
- Main Breaks – A couple of main breaks caused more flushing because of the turbulence that the break caused in the water system.
- Valve Maintenance Program – 1860 operation checks completed.

- Box Checks – GIS Department has created a program where the field staff can record the box checks on their cell phones and once completed a dot will appear and that will tell staff they are complete. Everything now is a box check when they do a meter repair, locate, etc.
- New Backhoe was received.

c. Office and IT Update (Teri and Christian) – Brief Summary – 10 minutes

Ms. MacDougall shared the following highlights for the Customer Service Department.

- New office chairs were purchased for staff.
- The Customer Service Department eliminated one full-time position in the office and things have continued to run smoothly and they are very appreciative of the finance department for stepping in when needed.

Mr. Mendoza provided the IT Department on behalf of C. Fast, IT Manager.

- Cybersecurity is going well. They spam test staff every month.
- Started Wednesday morning Tech Talks with the Field staff.
- Added cameras to the different sites for security.
- Fixed all of the wiring in the District building.

d. Human Resources Update (Briana) – Brief Summary – 5 minutes

Ms. Levo shared the following highlights for the HR Department:

- It has been a busy year with the recruitment of the General Manager recruitment, Operations and Maintenance Manager and Engineering Manager recruitment as well.
- Mission, Visions and Value project
- New Logo design project
- Some organizational structure changes, policy updates like travel technology usage, some safety policies.
- Safety duties will be transferred to the HR Department after Sandy retires.

e. Safety and Fleet Management Update (Sandy) – Brief Summary – 5 minutes

Mr. Rae provided the following highlights for the Safety and Fleet Management:

- No vehicles were replaced this year. The State changed the way the order vehicles to a shorter ordering window. Orders had to be made the year prior and the dealership controls how many vehicles we would get no matter how many we ordered. The other issue was the price exceeded what was budgeted.
- New backhoe 410P was received this year. It was ordered in October of 2022 and received at the end of August 2022.
- The following classes were completed by staff: Safety Lockout, Tag-Out, Fall Protection, and the forklift recertification will be completed by the end of the year.
- Added a policy for outdoor heat exposure and we purchased shade canopies and electrolyte replacement drinks for work crews.
- Monthly safety committee meetings and safety classes have been completed.
- All the gas detectors are recalibrated every six months. Fire extinguishers from the buildings and vehicles were recertified.
- Mask fittings have been completed along with auditory testing.

- The HVAC system, roofing and gutters have all been placed on preventive maintenance programs and unexpected several times a year.

f. Capital Projects Update (Marshall) – 10 minutes

Mr. Meyer provided the following updates:

Completed

- Elwood water main replacement project
- Lake Steilacoom Drive Water Main Replacement
- Naomilawn Water Main Replacement
- Washington Blvd WM – North Fort to Interlaaken Dr.
- Scotts Wells Treatment and G-3 Well
- F-2 Well Rehabilitation
- Nyanza Tank Cathodic Protection
- Abitibi Well Evaluation
- Earthquake Early Warning System Sensors at Steilacoom Blvd. Site

In Process

- Generators, Electrical and Seismic Improvements
- Steilacoom Blvd Pump Station VFD
- R-2 Well Equipping
- Seismic Retrofit Design at Washington Blvd Tank and 104th & Bridgeport Tank
- Front Street Water Main Replacement
- P-2 Well Inspection and Rehabilitation

Up Coming

- O-2 Well
- I-3 Well
- New G-4 Well
- New K-3 Well

6. Goals and Objectives for 2024 Budget (Randy and Marshall)— 10 minutes

a. Highlight significant changes that affect the budget – 5 minutes

- Reduction of R&R
- Reduction of General Capital
- Revenue Forecasting Change
 - 310 Million CF to 325 Million CF
 - 5- Year Average – 330 Million CF
- Borrowing Rates – Low Interest
- Operating Expenses – Closely Examined; positive adjustments made
- Opportunities
 - Grant Funding with DCCA - \$2 Million
 - Grant Funding with Federal Funds (Rep. Strickland) - \$5 Million
 - DOE Toxic Clean-Up - \$5 Million

i. Key Personnel Retirements

Randy Black, General Manager; Sandy Rae, Safety Officer/Foreman; Bobby Gaskins, Operations & Maintenance Dept. Head. Ms. Levo will be working on key replacements, and Mr. Meyer will be focusing on cross-training before each one retires.

ii. PFOA/PFOS and Funding Sources – Mitigation Plan and Future Opportunities

Over the next seven years we will need \$32 million to address the PFAS issues. We have funding for many of the PFAS projects in 2024. We will continue to seek funding to address PFAS.

b. Overview of 2024 Pumping Capital Budget (Don and Marshall) – 10 minutes

- New G-4 well will be funded by two grants (\$1.6M). We expect to have to treat Iron and Manganese.
- K-3 Well drilling down to the E level aquifer. There are two wells already on this site that do not have iron and manganese or PFAS. We don't anticipate finding any in the new well. This will have \$1.6 M in grant funding.
- O-2 Well will be funded by the State Revolving Fund Loan and will be designed and start of drilling.
- I-3 Hipkins Well will be designed in 2024 and probably started drilling in 2025 due to the availability of contractors.
- GAC Filtration Systems – There are plans to build two locations 88th & Pine and Country Place. They will be funded by the Public Works Board Loan. Construction will finish in 2025.
- Seismic Upgrade Projects Design: Washington Blvd. and Bridgeport Tank will have final design next year and construction the following year.
- Phillips Tank 8 Million Gallon concrete tank needs a corrosion study.
- Shake Monitor Sensors – we budget for two sites each year; sites are unknown at this time and run around \$45k each.

Source and Supply Projects

- Replace Well Pumps and Motors/Main Breaks
- Source Meter Calibration and Replacements
- Motor Starter and Drive Rebuilds (4/yr)
- Supply and Pump Structure Maintenance and Repairs
- Rebuild Booster Pumps (4 pumps)
- Control Valve Maintenance (5/yr)
- Inspect and Rehab H-Wells
- FEMA Seismic and Generators Upgrades
- Expand Capacity and Replace P-2 Well Pump/Motor
- 104th Booster Station Improvement
- Camera Installation - 3 Sites (Country Pl, 88th & Pine and Bridgeport)
- Fence Repairs and Upgrades

Treatment Projects

- Ponders GAC Media Replacement
- ATEC Media Replacement at Deepwood and Angle

- Chlorine Generator Replacements (2/yr)
- CL2 Sensor Replacement (4/yr)
- Replace Cl2 Analyzer (4/yr)

c. Overview of 2024 District R&R Program and Operations Capital Budget (Bobby and Marshall) – 5 minutes

- Hipkins Road - New (schedule w/ the City of Lakewood)
- Nyanza Road WM Replacement Design 2024 for Construction in 2025
- Water Main Replacement Design for City Project (TBD for construction in 2025)
- Lead Service Line Inventory
- Continued focus on the maintenance side of all our programs (hydrants, leak detections, lead & copper detection.)

d. Five Year Capital – (Randy and Marshall) – 10 minutes

i. Explanation of Project Categories

Water Main R&R Projects

- Hipkins Water Main Replacement – with the City of Lakewood
- Nyanza Road Water Main Design – with the City of Lakewood Construction 2025

PFAS Response Projects

- O-2 Well
- I-3 Well
- New G-4 Well
- New K-3 Well
- Country Place GAC Filtration System
- 88th and Pine GAC Filtration System
- Replace Ponders GAC Media

Storage Projects

- Seismic Retrofit Design at Wash Blvd Tank and 104th & Bridgeport Tank final design.
- Philips Reservoir Corrosion Study

Source and Supply Projects

- Inspect and Rehab H-Wells
- Expand Capacity and Replace P-2 Well Pump/Motor
- 104th Booster Station Improvement
- Lead Service Line Testing approx. 370 tests will be performed.

e. 2024 O&M Budget Discussion (Philip) – 20 minutes

Revenue Forecasting: In late 2022 we projected to end the year with 305 million cubic feet (mcf) of usage equaling about \$7.2 M in revenues. The 2023 budget is projected to be 310 mcf and we are projected to end the year at 340 mcf equals about \$7.9 M in revenues. The 2024 projections are a little conservative at 325 mcf equaling about \$7.6M in revenues. We see a total sale of water to be projecting about \$11 M versus 2023 budget of about \$10.6 M. This results in a 6.1% higher revenue forecast for 2024 without any rate adjustments.

Total Operating Revenue: Both the wholesale and Town of Steilacoom have projected rate increases for some of the joint facilities in the capital budget (we are starting to charge our wholesale partners), this is increasing the wholesale water revenue up to \$6.2 million for 2024 budget, from \$5.7 million for 2023 budget. So total operating revenue is about \$18.7 million for 2024 up from \$17.7 million in 2023 budget.

Mr. Mendoza reviewed the expenditures that will have increases & reductions due to a variety of reasons. The proposed Capital Budget has 62% of the funding going to PFAS projects (includes grant funding).

f. Rate Increase Benchmark for 2024

Updated 5-Year rate forecast can be changed from 11.4% to 8.39% in 2024 based off the revenue forecast next year. There were no bonds borrowed in 2023, so we will not need to pay them in 2024.

7. Staffing, Wage and Benefit Proposals for 2024 (Randy, Marshall, and Briana) – 10 minutes.

a. Projected Medical and Dental Benefit Renewals January 1, 2024

Ms. Levo shared the rate increases are not finalized and will be final by the November meeting. 3.5% increase to calculate possible rate increase.

b. CPIs, COLA, and Merit

In December 2021 the Board approved the use of the CPI-W. This year's CPI-W is 4.51%, which is down from last year's 9.54%. The annual merit increases up to 3%.

c. General Manager's Recommendations

General Manager Black asked the Board if staff is moving in the correct direction and if there are any questions. The Board agreed with the direction of the budget.

8. Open Discussion and Comments

Commissioner Rediske is pleased with the savings we are seeing with the technology with the meters. He is pleased with the direction we are going, but he doesn't want to see the R&R projects deferred too much. The General Manager shared that if we get additional funding, we could always bring back some R&R projects.

Commissioner Korsmo would like to make sure we keep our capital projects going and find the right balance. He appreciates all of the work to keep the Board informed. Having an annual rate increase will help predict an increase instead of a no rate increase and then a large increase when ratepayers are expecting it.

Commissioner Barton appreciated the conversations about how the District responds to emergencies and the different tasks that are needed. He likes seeing that rate increases are not double digits and that we are trying our best to keep rates low.

General Manager Black shared how he is proud of how the staff came together to see how we can save money and be more efficient at checking our boxes.

9. Public Comment

None.

10. Other Business

None.

11. Next BOC Meeting is Thursday, October 19, 2023 at 8:00 AM

12. Adjourn at 11:31 AM.

13. ADJOURN

President Korsmo adjourned the meeting at 11:31 AM.

LAKWOOD WATER DISTRICT
BOARD OF COMMISSIONERS

BY:




ITS PRESIDENT

BY:



ITS VICE PRESIDENT

BY:



ITS SECRETARY

BY:

 11/16/23

DISTRICT SECRETARY (DATE)