



**LAKEWOOD WATER DISTRICT
BOARD OF COMMISSIONERS
Minutes of Regular Meeting
December 21, 2023
Boardroom & Via Microsoft Teams**

1. CALL MEETING TO ORDER

President Korsmo called the Regular Meeting to order at 3:31 PM.

2. ATTENDANCE

Present at the meeting: Commissioners J. Korsmo, G. Rediske, and G. Barton; General Manager M. Meyer, Consulting Manager R. Black, Finance Manager P. Mendoza, IT Manager C. Fast, HR Manager B. Levo, and Administrative Assistant J. Clark. Teams: Curtis Chambers, Attorney Inslee Best.

3. PUBLIC COMMENT

None.

Commissioner Korsmo shared that 2023 was a year of changes with retirements and a new General Manager. He shared how much the Commissioners appreciate the team here at the District and would like to take an opportunity to thank you for not only the team members and staff but also our partnerships and our consultants. He wished everyone a great holiday and a new year!

Commissioners and staff took a moment to recognize Sandy Rae on his retirement and his last day working for the District after 25 years. Sandy has been a tremendous asset to the District and a great team member over the past 25 years. He always looked out for his team and made sure he secured the best prices for the District. He will be missed, and it will take a lot of people to fill his shoes.

4. SWEARING IN COMMISSIONER JOHN KORSMO, JR., POSITION #3, TERM 2024-2030.

Curtis Chambers, Inslee Best issued the Oath of Office to Commissioner John Korsmo, Jr, Position 3 for term 2024-2030.

5. APPROVAL OF MEETING MINUTES FROM 11/16/23 MEETINGS.

COMMISSIONER BARTON MOVED TO APPROVE THE MINUTES FOR THE REGULAR MEETING NOVEMBER 16, 2023, SECOND BY COMMISSIONER REDISKE. MOTION PASSED UNANIMOUSLY.

6. FINANCIAL INFORMATION

November 2023 financial reports will be presented at the January 18, 2024 meeting.

a. Approval of Payables

Disbursements made from the General Ledger Fund for checks number 47102 through 47199 totaling \$299,463.70, salary direct deposits totaling \$209,767.87, payroll taxes totaling \$76,235.74, and other electronic payments totaling \$3,114,080.66 for a total of \$3,699,547.97 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. 2024 FINAL BUDGET PRESENTATION

General Manager Meyer thanked the staff for their hard work putting the budget together. There have been some challenges in terms of PFAS due to the new EPA regulations. We thought our capital program would be around \$18 million over the next few years, but it looks more like \$33 million in capital costs due to the new regulations. Staff have worked to offset those costs and impacts on ratepayers while ensuring we still meet our quantity needs. The district has secured around \$22 million in grant funding and low-interest loans, along with reducing the annual R&R projects from \$4 million down to \$2 million over the next couple of years annually. This has allowed us to go from just over an 11 percent rate increase down to an 8 percent rate increase.

Some highlights that have changed since the November draft budget was presented were: Hipkins Water Main Replacement project in partnership with the City of Lakewood came in just over \$150,000 above budget compared to the engineer's estimate, which was around \$1 million over budget. The 2024 budget for this project includes an additional \$157,500. The next is an R&R project for rerouting a water main in partnership with the City of Lakewood at the intersection of Ardmore and Whitman. This is an increase of \$157,500 to the 2024 capital program budget. The third impact is a more accurate estimate from Marten Law for attorney fees for the litigation and ongoing attorney fees for the PFAS suit against the federal government and manufacturers. The initially anticipated fee was \$360,000, will be more in the range of \$525,000. This will be an increase of \$157,000. The next change is the addition of paying 100% instead of 90% for employees and dependents for their medical and dental coverage. Finally, the addition of a position for a hydrogeologist's total loaded labor rate of \$180,000. Consultant fees would offset this position and would now be redirected towards internal staff. Having a hydrogeologist on staff will benefit the District with the upcoming five new wells that will be drilled in the next several years due to PFAS. This position will help us demonstrate and show the public that we are being responsive and good stewards, and it will help us answer some of those questions quickly and have some dedicated resources there. It also will help us from a cost standpoint in terms of the several new well projects that will require a hydrogeologist during the construction phase. Instead of paying consultant fees, we would pay for a staff position. In the end, the changes listed above have a net income changed from a little over \$5 million as presented in the November Draft Budget to a little over \$4.6 million net income for 2024 presented in the final draft budget.

Commissioner Barton asked about the projected revenue sales; he wanted to ensure we weren't projecting too high and that the \$11.9 million in sales was realistic. General Manager Meyer shared the \$11.9 million includes the 8 percent rate increase. He shared that last year the

projections were conservative; the new forecast is a lower volume compared to this year. The overall revenue increase is based on the actual rate and the proposed 8 percent rate increase.

Commissioner Rediske asked a few clarifying questions regarding reservoirs, COLA increases for staff, and the CAP program. General Manager Meyer explained the differences between a tank and a reservoir. He shared that the standard rule is that reservoirs are shorter than wide.

He asked about how the 7.51 percent annual pay raise increase is formulated. There is a 4.51 percent COLA and a 3 percent merit policy. Is the budget based on everyone getting a 7.51 percent increase, or is the budget based on those who do not qualify for the merit increase of up to 3 percent? HR Manager Levo shared that the budget is based on each staff member, as those with the highest salary rate for their position would not receive the 3 percent merit.

Commissioner Rediske asked if the CAP program could be set up as a 501C3 so the donations could be deducted from their taxes. Finance Manager Mendoza shared they have been looking at setting the program up as a 501C3. Per the RCW, there are two ways of setting the program up: partner with a not-for-profit like LASA, and the other is to partner with a government like a city, county, or other local government. He shared that they will be investigating more in 2024. Commissioner Rediske would like to see a program put together so that more programs can donate to the CAP program.

MOTION TO APPROVED THE 2024 ANNUAL BUDGET BY COMMISSIONER BARTON. SECONED BY COMMISSIONER REDISKE. MOTION PASSED UNANIMOUSLY.

MOTION TO APPROVE RESOLUTION B-1484 2024 RATE INCREASE COMMISSIONER REDISKE. SECOND BY COMMISSIONER BARTON. MOTION PASSED UNANIMOUSLY.

8. GENERAL MANAGER'S REPORT

General Manager Meyer shared that each meeting would have a report from the Consulting Manager to share what he is working on.

General Manager Meyer shared an update on the PFAS lawsuit. Martin Law filed the District's objections to the 3M and DuPont proposed settlements and has opted out. They have confirmed receipt of the objections and have been filed. The judge appears to want to move forward quickly with finalizing this lawsuit. There are signs that the DuPont lawsuit didn't have enough water systems opted in as they have extended the time to opt back in from December 2023 to March 2024. Marten Law represents around 12-13 water systems; only 2-3 have opted to stay in. General Manager Meyer feels we should stay the course and not opt-in at this point. Commissioners agreed to continue the path.

The District requested PFAS funding of just under \$4 million from DCCA and received \$1.95 million of state funding through the DCCA program. We have been working with the Department of Commerce, which administers the program, and with Rep. Leavitt and the District's lobbyist, Bill Clarke, to lobby and obtain the remaining balance of \$1.86 million, and we have learned that it is in the Governor's 2024 Capital budget. Also in the budget request is funding for DSHS to replace the WSH Well affected by PFAS.

Western State Hospital: General Manager Meyer and Consulting Manager Black met with DSHS to discuss the MOU and the timing of items they need to complete. One of the items they have made some progress on is research on staffing and water demands that will help support the water rights questions. DSHS has provided the District with a copy of the RFQ for input. The District continues to be clear about the Board's position, and that the District is not here to stop their project, and if the District isn't going to be their water system, we are ok with that. Water rights are the biggest issue for the District, and we need to ensure we are not jeopardizing any water rights or physical infrastructure of our current water system to take this on. We will meet with them weekly until the MOU has been completed.

a. Consulting Manager's Report

88th & Pine / Country Place

Consulting Manager Black provided an update on the new GAC system for 88th & Pine and Country Place. The consultants are busy preparing the plans for these locations. HDR is working on the 88th & Pine location, and Kennedy/Jenks is working on Country Place.

General Manager Meyer and Consulting Manager Black attended an HOA/Condo Assoc. meeting at Country Place in October 2023, and it was a very positive meeting. There is another meeting on January 18, 2024, to provide a conceptual layout and the location they are proposing at that site.

Staff will meet with both consultants once a month, both individually and together. These meetings have worked well so far, allowing the consultants to talk about where they are, what is working, and what isn't. Commissioner Barton asked why we have two consultants. Consulting Manager Black shared that due to the timeline, it would be too much for one consultant to take on. If there was more time, then one agency could do both.

Request for Proposals Oakbrook O-2 & Hipkins I-3

The RFP for Hipkins I-3 and Oakbrook O-2 wells will be issued in early January 2024. The RFP is to have a consultant provide design and permitting assistance services for replacement wells for a new groundwater supply.

Surplus property at Nyanza Tank site

The District needed to abandon an old well that was drilled in 1975 at the site, and it was a dry well that never produced water. Holt Services has officially abandoned the well, and the necessary paperwork has been filed with the Department of Health. Commissioner Barton would like to make sure that any wells not being used and having no use are properly abandoned to prevent contamination.

Consulting Manager Black spoke with the City Manager on the process and timing of selling the property to the City of Lakewood. As he has shared with you previously, the City Council has decided to move forward with developing an outreach plan to engage the neighborhood about the development of a city park at the Nyanza property, and if the neighborhood is supportive, the city will then assume ownership of the property. The City Council does not want to get out

ahead of the neighborhood and plan a park if it is not wanted. The City Council also decided to include this initiative as part of the city's 2025-2026 biennial budget. Commissioner Rediske asked if the District would maintain ownership until the city decides they will do something with it. Consulting Manager Black shared that this is the plan; if the neighborhood decides it doesn't want a park, the District will keep the property.

9. APPROVAL OF UPDATED SERVICE CONNECTION FEES EXHIBIT A, PART 1A TO RESOLUTION NO. B-1410

General Manager Meyer shared an update on the District's current equipment and installation pricing. The last update was in 2015. Staff reviewed the costs every two years, which stayed approximately the same. After reviewing 2022 data for service installations in 2022, it showed that we should update the fees to match our current prices. The largest increases are due to supply costs.

MOTION TO APPROVE RESOLUTION AMENDMENT B-1410 SERVICE CONNECTION FEES AND CHARGES BY COMMISSIONER REDISKE. SECONDED BY COMMISSIONER BARTON. MOTION PASSED UNANIMOUSLY.

10. OPERATIONS & MAINTENANCE REPORT

Report is attached.

11. ENGINEERING REPORT

Report is attached.

12. IT MANAGER'S REPORT

There were no cybersecurity issues.

a. Approve Surplus & Disposal Items

IT Manager Fast shared the items for approval and disposal of items.

COMMISSIONERS APPROVED THE SURPLUS AND DISPOSAL OF ITEMS.

b. Annual Insurance Renewal Acceptance

IT Manager Fast shared the increases and decrease in the insurance renewal package.

- Property Increased by 15% or \$13,000 primary is market driven and a pending claim.
- Inland Marine increased by \$700 due to the new excavator.
- General Liability decreased by \$1,500.
- Cybersecurity decreased by \$6,650.
- Management increased by \$8,000 covers errors and omissions for management and commissioners.
- Crime policy had no change, but an additional one million in coverage to meet state requirements for the grants from the state. The new policy has a total of two million in coverage.
- Insurance cost in 2023 was \$198,976, changed to 2024 \$215,732, an 8% increase.

COMMISSIONERS APPROVED THE ANNUAL INSURANCE RENEWAL.

13. HR MANAGER'S REPORT

HR Manager Levo provided updates on the Employee Handbook update and repealing Resolution B-1424. She also shared updates on the Engineering Manager position interviews, and the job postings have been renewed on all platforms. She also provided an update on her Safety 1:1 discussion with staff. She shared that she has learned a lot from staff about what we need, don't need, or what we can update or improve. Commissioner Rediske supports the safety 1:1 meetings. General Manager Meyer shared that Briana has met with all staff as safety isn't just in the field.

Commissioner Barton inquired if there were safety posters posted around. HR Manager Levo shared there are safety posters in all the breakrooms and in some other locations. Commissioner Barton would like to see posters in more locations to help remind staff of safety.

Commissioner Rediske inquired if the hearing testing is mandatory. HR Manager Levo shared that Sandy did great with the hearing conservation program. She shared that it isn't required at the high level that the District does, but it is important if the District wants to disprove or prove occupational hearing loss. This is an annual program along with an online e-learning course that staff do before the testing and reminds them of safe work practices, the use of PPE, and what kind of hearing protection is needed in different scenarios.

a. Approve Employee Handbook Annual Updates

The employee handbook is updated annually; no major changes have occurred since the mid-year update. One update is memorializing the current practice of not giving a retiring employee (based on the old retirement policy) the annual COLA, even if they are on the payroll for a little longer. An example is Sandy; he is retiring in December 2023 but will still be on the payroll for a few more months; the District would not give him the January COLA. The other change is adding a half day off for the employee retreat in the summer.

b. Repeal Resolution B-1424 Holiday's and Time Off

Staff are asking the Board to repeal Resolution B-1424, Holidays and Time Off, due to the information being contained in the Employee Handbook, which is updated regularly and approved by the Board.

MOTION TO APPROVE THE UPDATED 2024 EMPLOYEE HANDBOOK BY COMMISSIONER BARTON. SECONDED BY COMMISSIONER KORSMO. MOTION PASSED UNANIMOUSLY.

MOTION TO APPROVE THE REPEAL OF RESOLUTION B-1424 HOLIDAY'S AND TIME OFF BY COMMISSIONER REDISKE. SECONDED BY COMMISSIONER BARTON. MOTION PASSED UNANIMOUSLY.

MOTION TO APPROVE THE ADDITION OF THE HALF DAY OFF IN THE SUMMER BY COMMISSIONER KORSMO. 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.**

Commissioner Barton shared that the Workforce Committee is working on developing the job fair booth and is making progress. They are developing a t-shirt for WASWD to sell. They are developing a two-sided rack card highlighting office staff, part-time staff, entry-level staff, and field staff. They are looking for a camera for an interactive game at the booth. They are looking for pictures or a 30-second video of staff working.

He attended the Government Relations Committee, where they discussed the upcoming legislative session from January 8, 2024-March 7, 2024. He shared that it will be harder to get hearing spots due to the short session. There will be six ballot initiatives that may take up legislation time. The Public Works Trust fund is looking good. PFAS is a topic on everyone's minds. He shared he will be participating on the Rapid Response Team. There shouldn't be water quantity bills. The WASWD Board of Directors voted to create a committee to find a new director. They also approved a nominations committee; the role of this committee will be to find people to fill committee positions.

General Manager Meyer shared an update to follow up on a safety concern raised by Commissioner Barton in November. A concern was raised about some maintenance work completed in the roadway. General Manager Meyer confirmed that the District's standard procedures meet the regulatory requirements. General Manager Meyer reported that the safety record of the District was reviewed to confirm we have a good track record of safe operations, and the importance of safety was reiterated with field staff in November and continues to be an ongoing topic of discussion with staff.

- c. **Our next Commissioner's meeting will be on January 18, 2024, at 3:30 PM.**

15. PUBLIC COMMENT


None.

16. ADJOURN

President Korsmo adjourned the meeting at 5:17 PM.

LAKEWOOD WATER DISTRICT
BOARD OF COMMISSIONERS

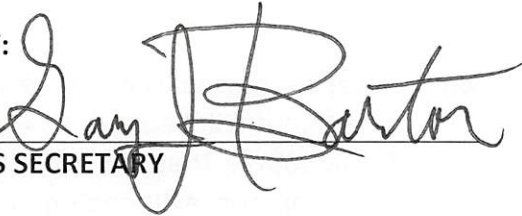
BY:


ITS PRESIDENT

BY:


ITS VICE PRESIDENT

BY:


ITS SECRETARY

BY:


DISTRICT SECRETARY (DATE)