

**LAKWOOD WATER DISTRICT  
BOARD OF COMMISSIONERS  
Minutes of Regular Meeting  
Thursday, April 15, 2021**

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; IT Manager C. Fast; and District Secretary C. Butler.

**PUBLIC COMMENT:**

No members of the public were present.

**APPROVAL OF MEETING MINUTES:**

Commissioner Barton moved to approve the minutes of the March 18, 2021 Regular Meeting. Commissioner Rediske 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 February financials to the Board.

Disbursements made from the General Ledger Fund for check number 43426 through 43554 totaling \$751,923.03, salary direct deposits totaling \$186,514.99, payroll taxes totaling \$71,928.03, and other electronic payments totaling \$190,209.61, for a grand total of \$1,200,575.74 were presented to the Board for approval. After review, Commissioner Barton moved to approve the payables as listed. Commissioner Rediske seconded the motion which carried unanimously. Each Commissioner individually gave verbal authorization for the use of their electronic signatures on these approved payables.

**BOARD ADOPTION OF RESOLUTION NO. B-1468, EXTENSION OF EMERGENCY LEAVE:**

The General Manager presented Resolution No. B-1468 to the Board, regarding the extension of Emergency Sick Leave and Emergency Family Medical Leave under COVID-19. This resolution extends the federal government provision of the Families First Coronavirus Response Act that initially expired December 31, 2020 but was extended to March 31, 2021 in Resolution No. B-1466. Based upon recent changes put into practice or compliance with Washington State Law, the General Manager proposed continuing to provide emergency sick leave for up to two weeks or 80 hours and/or up to 12 weeks or 480 hours of emergency family medical leave. This extended emergency leave would be in effect through September 30, 2021 or until legislation enacted by the Federal Government expires, whichever is later, under the original provisions provided by

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the Families First Coronavirus Act and updated by the American Rescue Plan Act of 2021. The General Manager recommended adopt Resolution No. B-1468. Commissioner Rediske so moved, Commissioner Barton seconded the motion, and it passed unanimously.

### **WESTERN STATE HOSPITAL:**

On Monday, March 29, the District was invited by the State Department of Health (DOH) to have a video conference with the Executive Board of Western State Hospital and representatives from DSHS to talk about a plan to move forward with the District taking over the water system at the hospital.

DSHS officials acknowledged some of the drinking water infrastructure on the hospital campus may be up to 100 years old and past its useful design life. DSHS is working with DOH to get out of the water business by upgrading on-campus infrastructure and consolidating with the District. Funding for infrastructure improvements is subject to legislative action. The General Manager and pertinent staff will be working with DSHS to determine what would be entailed before bringing any recommendation forward to the Board. The State Department of Health (DOH) has drafted a Formal Compliance Agreement (FCA) to help define and communicate the infrastructure need so funding can be obtained. DSHS is preparing a supplemental budget request for the legislature in September of this year; this was significant news after the last report given to the Board at the March 18 meeting.

In this meeting, while feeling like the District was being "interviewed," it did present the opportunity to share the capabilities and expertise that existed within the District. The General Manager emphasized the District's interest in and experience in being able to assist DSHS in the infrastructure assessment and consolidation process. The District suggested either an interlocal agreement (ILA) or a memorandum of understanding (MOU) to move forward.

All parties agreed on the need to assess the infrastructure needs at the Western State Hospital campus. It was requested of the District to forward a preferred contractor list to DSHS, and DSHS and the Department of Enterprise will explore means to determine appropriate contracting processes to take advantage of experience in a timely manner. It became obvious to the General Manager and Superintendent who attended this meeting that the Department of Enterprise simply did not have a good understanding of the matter prior to the meeting but were greatly enlightened in the course of the meeting. DOH shared that the District would be eligible to apply for a DOH Feasibility Study Grant.

The General Manager will be consulting with General Counsel C. Chambers on the issue of statutory authority to establish an interlocal agreement to facilitate the consolidation process and will hopefully have a meeting with the hospital/DSHS next week.

**2021 REVENUE BOND SALE UPDATE AND UNDERWRITER SELECTION:**

The General Manager reported it looked probable the District would receive funding for the GAC (Granular Activated Carbon) filtration system at the District's Scott Wellsite, but it was only prudent to have a backup plan. Therefore, the General Manager proposed another upcoming revenue bond sale with proceeds of approximately \$11M, approximately \$7M for the Scott Wellsite filtration and the remaining \$4M for R&R (Rehabilitation and Replacement) projects. The District had been working with financial bond consultant S. Bauer of Northwest Municipal Financial Advisors on the matter.

The District checked the prices of a number of underwriters and most were in the same ballpark with each other at \$5.05/1000 with legal counsel and \$4.35 without legal counsel. One underwriting firm was lower than the rest, but it was perceived as a "low ball" attempt, and the pricing did not cover legal counsel. This information coupled with the District's strong relationship and good experience with Key Bank caused the General Manager to recommend selecting Key Bank as the District's underwriter for the 2021 bond sale. The legal requirements for selecting a bond sale underwriter are not the same as for the public bidding process; there is no legal obligation in choosing an underwriter to take the lowest responsible bidder, so the District is free to make what it feels is the best decision.

Commissioner Korsmo questioned the need for the legal counsel component, and the General Manager explained there would always be a definite need for legal counsel. The District would have the choice to wrap it into the underwriter cost or pay for it separately. The District has been served extremely well by bond counsel M. Greenough for many years and would recommend working with him again on this venture. On average, his services have been \$7.70/1000.

The General Manager again recommended the District enlist the services of Key Bank to serve as the District's underwriter for the planned upcoming revenue bond sale and asked for the Board's nod of approval. Each Commissioner stated he was good with this recommendation, essentially nodding in approval for the General Manager to proceed.

Commissioner Korsmo stated he presumed the District would proceed with the revenue bond sale whether or not the District received funding from the legislature for the Scott Wellsite. The General Manager affirmed Commissioner Korsmo's presumption.

**GENERAL MANAGER PROJECT UPDATE:**

**9/80's**—the management staff is working their way through the timing process to kick off and implement the first three-month trial of the new 9/80's work schedule beginning May 3. The General Manager will be meeting with the management team to further discuss and potentially add to the current set of metrics in plan/motion.

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**Funding for Scott Wellsite**—the General Manager reported he had received word that while the House of Representatives and Senate each had funding for the Scott Wellsite in their respective budgets, the House had it in as a grant, and the Senate had it in as a loan. District lobbyist B. Clarke along with Senator T. Nobles have been working with the Senate Budget Chair to correct the matter. According to Mr. Clarke, all signs are that it will get corrected. The General Manager will keep the Board apprised as he receives additional word on the situation.

**Spanaway Spur Water Connection**—the General Manager and Superintendent met with new Spanaway Water General Manager T. Wells via a Teams Meeting on March 31 to discuss their interest in obtaining the District's remaining 1 million gallons per day (mgd) of wholesale water. At that meeting, the District reviewed with Spanaway the components that make up the Wholesale Rate Model and how it is used in calculating rates based on water rights and usage. Mr. Wells stated he really did not need to get "into the weeds" on how the wholesale rate was calculated, he just wanted to know what the rate was. The General Manager shared with the Board a list of five rate scenarios, none of them inclusive of any needed improvement costs. One question was, should Spanaway want the extra 1 mgd of water on top of the 1 mgd already contracted for, and should they start taking the water in January 2023, what capital improvement projects would that perpetuate?

In March of 2019, the General Manager reported to the Board that the Wholesale Partners asked the District why they should carry the District's remaining 1 million gallons per day (mgd) of wholesale water as it did not benefit them. District Finance Director D. Logan at the time calculated the District's cost to carry the last 1 mgd, stating it would be subtracted from the total net revenue income. The General Manager recommended examining ways to recover the costs once the remaining 1 mgd was purchased in the future and further recommended the Board agree to sharing in the cost of the wholesale assets. The Board approved the District's carrying the cost of the remaining 1 mgd.

The District's cost to carry the remaining 1 mgd for two more years would be approximately \$300K, which would be spread across the 20-year term of Spanaway's wholesale water contract.

Spanaway's board was scheduled to meet that evening at 5 p.m., and they will decide if they want to purchase the water or not. Therefore, there was no need to ask for any District Board approvals at this time. Instead, the General Manager was seeking direction from the Board as to what to do as it related to recovering the District's costs to carry the 1 mgd since 2019. He listed three options: 1) add this cost to the rate; 2) split that cost; or 3) waive that cost.

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Commissioner Korsmo recommended giving Spanaway the rate as is in light of all the District's time, efforts, and costs spent on whether Spanaway was going to take wholesale water, plus Spanaway getting a good rate, and Spanaway not able to find a better rate. Other discussion ensued. After a time, the General Manager suggested the Board table this matter until such time the District had the information from a study being conducted by Murraysmith, expected to be concluded and reported the end of April. This, plus the answers from Spanaway re. the purchase the additional 1 mgd and if they will begin taking it in January 2023, will help the Board make a more informed decision. The matter was tabled until the May 20 Board meeting.

**Engineer Manager and Water Worker II Positions**—the District offered the **Engineer Manager** position to M. Meyer currently with Murraysmith who has performed good consultant engineering work for the District for the last 18 years. Mr. Meyer accepted the position and will start May 17 to give proper notice to his current employer and go on a planned family vacation.

The **Water Worker II** position for the Pumping and Water Treatment Department was filled internally by current Water Worker I L. Robinson. The District is currently back out looking for candidates from which to select someone to fill the void left by Mr. Robinson in the Construction & Maintenance Department.

### **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 shared the District had been successful in obtaining the needed easement from BMC on the 39<sup>th</sup> Avenue R&R Project Phases 2 and 3. With the help of Commissioner Korsmo, the Clover Park School District easement was also moving forward.

The Gravelly Lake Drive Project will get a late start; this will result in only 80 percent of the 2021 budgeted cost being used, netting a 20 percent savings. These savings will help pay for the District's needed additional vehicle and material storage garages.

The District will go out to bid for a contractor to construct the Scott Well site filtration project the first week of May. The cylinder and media components are two months ahead of schedule as it relates to the delivery of the materials. The Superintendent believes the project will be completed by year's end.

### **OFFICE SUPERVISOR'S REPORT:**

The Office Supervisor reported the Office Staff had received 30-40 calls from customers responding very positively and with many thanks for the second, follow-up AFTS breach letter sharing the results of the AFTS breach audit. Sir Speedy is now the District's official new billing vendor. The District Office new hours with the coming 9/80's schedule had been posted. The delinquent account count was holding at 164, thanks to the diligence of the staff in working with the District customers to obtain payment. There

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are still only three CARES applications that have been approved. Only \$1525 of \$22,500 has been distributed. It is anticipated additional qualified applications may be received once non-disconnect measures are lifted.

### **OTHER BUSINES:**

**Board Acknowledgement of Employee Wage Increases**—the Board acknowledged wage increases for employees S. Jorgensen and J. Lea.

**Request for Board Approval for use of Fringe Benefit funds and approval of additional \$100 for Employee Appreciation**—The General Manager reported that after 12 years, District Consultant Engineer C. Gibson was retiring. Since he was technically a consultant versus a permanent employee, he did not automatically qualify for District Fringe Benefits. The General Manager requested the Board allow the use of Fringe Benefit funds up to \$450 budgeted for such retirement occasions in light of Mr. Gibson having functioned much like an employee and being regarded as one. Commissioner Rediske moved to approve the use of District Employee Fringe Benefit funds to be utilized to provide a retirement celebration for retiring Consultant Engineer C. Gibson, not to exceed \$450. Commissioner Barton seconded the motion which carried unanimously.

The General Manager additionally asked the Board to approve an additional \$100 expenditure for the Employee Appreciation Awards due to six employees being recognized versus 3 or 5 since the last awards given in this category were 2017 awards. The Board approved the request and the expenditure.

**On-call Procedure Change**—The General Manager proposed doing away with Advanced On-call and paying all District On-call the \$60/day flat rate compensating the On-call personnel for being on standby and for di minimis calls up to 15 minutes. Due to the new structure of the On-call program with the two separate crews, there is no longer a need to have the Advanced On-call status. The General Manager reported there had been significantly fewer calls since this new procedure went into effect March 1 and therefore savings to the District. These savings would help offset the additional \$15/day for those On-call personnel who were not already Advanced On-call.

**Need for Additional Garages for Vehicle, Equipment, and Materials Storage**—The Superintendent presented a number of pictures showing the many pierces of District vehicles, equipment, and materials currently being stored/left out in the elements, valued at \$838,500. He also presented a spreadsheet breaking down and outlining the various costs, savings, sources, and net costs involved in this venture. The estimated costs for the new garages would be \$285K. These costs would be covered by 2021 Budget monies (\$60K), additional monies from this year (\$125K), and the remaining funds from 2022 (\$100K). A permanent structure would far exceed the benefit of a temporary covering for these assets.

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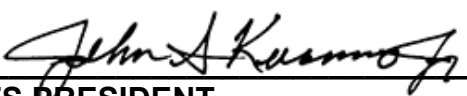
The District could break this down over 2021 and 2022 with the \$125K additional monies from this year paying for the base and foundation in 2021 and paying for the building itself in 2022; or, the Board could amend the 2021 Budget to include the additional monies needed to complete the \$285K project. Commissioner Rediske stated he was fully in favor of spending the money and getting the needed job done now. Commissioner Barton agreed. Commissioner Korsmo was good with this option as well and asked if these garages could be built this year, to which the answer was yes, that is the plan. The Board was unanimously in favor of amending the 2021 Budget to provide the needed funds for this project. Having received verbal approval for all three Commissioners individually, the District will move forward with amending the 2021 Budget and with executing this project.

**Government Relations Committee Report by Commissioner Barton**—There was no committee meeting this month due to the WASWD Spring Conference the following week. Commissioner Barton had been quite busy this month with the work of WASWD's Legislative Response Team subcommittee meetings with a primary subject being that of the Public Works Trust Fund.

With no additional business to address, President Korsmo adjourned the meeting at 5:40 p.m.

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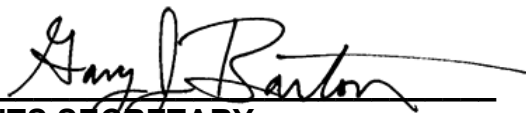
**BY:**

  
ITS PRESIDENT

**BY:**

  
ITS VICE PRESIDENT

**BY:**

  
ITS SECRETARY

**ATTEST:**

JLC – for Christie Butler  
DISTRICT SECRETARY