

**LAKWOOD WATER DISTRICT
BOARD OF COMMISSIONERS
Minutes of Special Meeting
Thursday, September 23, 2021**

President Korsmo called the Special Meeting to order at 3:30 p.m. at the District office. Present at the meeting: Commissioners J. Korsmo, G. Rediske, and G. Barton; General Manager R. Black; Engineering Manager M. Meyer; Operations Manager I. Black; Finance Manager P. Mendoza; Office Manager T. MacDougall; IT Manager C. Fast; HR Analyst B. Levo, guests B. Dunn of Brown & Brown Insurance and District Council C. Chambers of Inslee Best.

Public Comment:

Mr. Lorne Hohn shared his concerns regarding the condemnation proceedings related to the Spanaway Water Company project. Mr. Hohn stated that he is willing to work with the District on the easement but wants to be sure his property is not damaged. Mr. Hohn specifically referenced his driveway and reiterated his concerns that replacing or repairing only half will result in an eyesore. President Korsmo thanked Mr. Hohn for his feedback.

Authorization for Condemnation Proceedings:

The General Manager shared that it is the District's fervent hope to reach an acceptable solution to the Spanaway Water project with all parties. He reiterated that a route for the 12" water main has not yet been established and therefore, the impact on Mr. Hohn's driveway is not yet known. The District's engineering consultants will be able to determine in the coming weeks.

The General Manager introduced C. Chambers, District Council, from Inslee Best. C. Chambers presented the resolution that authorizes District staff to acquire an easement by way of agreement or by condemnation in accordance with RCW 8.25.290(2)(b)(i). The District is under contract to provide water to Spanaway Water Company by 2023. Condemnation is a lengthy process and beginning it now ensures the District will meet its contractual obligations. Council presented additional information on the legal procedures and timeframes associated with the proceedings.

The General Manager introduced the Operations Manager to answer additional questions as the project manager for the Spanaway project. The General Manager shared that it has always been the District's standard to return property to as good as or better condition than it started in. The Operations Manager presented information on the project, including the challenges around circumventing other utilities in the projected area. The District reiterated that once a viable route has been determined, negotiations with the property

owners will commence within the legal framework of the law and with the assistance of the District's council.

The General Manager recommended that the Board move forward with the authorization of Resolution B-1471 regarding condemnation proceedings. Commissioner Rediske moved to approve the resolution as presented. Commissioner Barton seconded the motion which carried unanimously. Attending virtually, Commissioner Barton gave verbal authorization for the use of his electronic signature on the resolution.

Property and Casualty Insurance Renewal:

The General Manager presented information on the District's pending property and casualty insurance renewal and introduced the District's new insurance broker, B. Dunn of Brown & Brown Insurance. He shared that the IT Manager and B. Dunn evaluated District facilities, assets, coverages, and addressed any discrepancies. The District is also seeking to move the renewal period to January to coincide with the District's budget season.

B. Dunn presented information regarding the evaluation process, including reviewing each site, coverage amounts, and District goals. Without making any changes, the District's insurance provider, Philadelphia Insurance Co., would impose a 35% increase. Working through this process with the broker, the District was able to move the renewal date, find a more robust cybersecurity program, make coverage upgrades, adjust contents and building values, and deliver a 7% increase instead of the proposed 35%. At the request of Commissioner Barton, B. Dunn also expanded on the new cyber coverage programs.

The General Manager recommended the Board approve the renewal as presented. Commissioner Rediske moved to approve the renewal. Commissioner Barton seconded the motion which carried unanimously. Attending virtually, Commissioner Barton gave verbal authorization for the use of his electronic signature on the policy renewal.

Approval of Meeting Minutes:

Commissioner Rediske moved to approve the minutes of the August 18, 2021 Special Meeting. Commissioner Barton seconded the motion which carried unanimously. Attending virtually, Commissioner Barton gave verbal authorization for the use of his electronic signature on these approved minutes.

Financial Information:

The Finance Manager presented the August financials to the Board.

Disbursements made from the General Ledger Fund for check number 44103 through 44214 totaling \$1,525,752.65, salary direct deposits totaling \$168,383.38, payroll taxes totaling \$65,669.88, and other electronic payments totaling \$196,930.65, for a grand

total of \$1,956,736.56 were presented to the Board for approval. After review, Commissioner Rediske moved to approve the payables as listed. Commissioner Barton seconded the motion which carried unanimously. Attending virtually, Commissioner Barton gave verbal authorization for the use of his electronic signature on these approved payables.

Spanaway Water Wholesale Amendment Agreement:

The General Manager presented the amended agreement between the District and Spanaway Water Company. Spanaway requested to increase the amount of water it will receive from the District from one (1.0) MGD to two (2.0) MGD. No other changes were made.

The General Manager recommended that the Board approve the agreement as presented. Commissioner Rediske moved to approve the amended agreement as presented. Commissioner Barton seconded the motion which carried unanimously. Attending virtually, Commissioner Barton gave verbal authorization for the use of his electronic signature on the agreement.

General Manager's Project Updates:

The General Manager referenced the project updates in his report and offered to answer questions. He yielded the rest of his time to the Operations Manager and Engineering Manager to give their reports.

Operations Manager's Report:

The Operations Manager's full, written report was provided to the Board in the pre-agenda packets. The Operations Manager presented information on the following projects: Scott Well Site and Spanaway Water. The Operations Manager also shared general information on project timelines and challenges with material delays.

Engineering Manager's Report:

The Engineering Manager reported on the increased pumping activity. He also shared information on well activity and repair and the proposal to the City of Lakewood to request a portion of the American Rescue Plan Act funds they were allotted. The General Manager requested that the Board lobby council members for funding.

The Engineering Manager shared a presentation on storage and source reliability and expansion. He presented District goals, including cost effectively expanding source capacity, increasing operational reliability, maximizing economically useful life of assets, and balancing increasing project costs with rate impacts. Seismic improvements on Steilacoom tank have been in the works for some time, pending FEMA grant application funds. In 2015, the District was awarded \$1.05 million, with a 12% contribution from the District. Since that time, building codes have changed and material costs have

increased resulting in an increase in overall costs for the project, for an updated total of \$2.9 million.

To help with these costs and mitigate rate impact, the District revisited hydraulic modeling for the upcoming 88th and Pine tank project. The updated analysis looked at reduced pressure and flow rates and indicated that the minimum pressure requirement does not need to be met at this time. This results in being able to defer the 88th and Pine tank and pump station until 2030, with design in 2027 and construction in 2028-29. To support the deferment, source improvements will be needed to stabilize pressures and help water rates recover sooner.

If the District does not use the FEMA grant funding, the likelihood of obtaining future funding is reduced. Therefore, the General Manager requested to reallocate a portion the Storage, Maintenance, and Improvements budget from 2023 and 2024 to this year's budget in order to begin the new R-2 well, rehabilitate three existing wells, and address the cost increases in the Steilacoom tank project.

The Board of Commissioners unanimously approved to amend the budget as requested.

Office Manager's Report:

The Office Manager reported on disconnects: there are currently 158 people on the disconnect list for a total of \$96,381. She also reported that she will have additional information to provide in October on the District's current practice of allowing a property owner to let their tenant sign up for service.

Other Business:

The Board acknowledged wage increases as presented.

Commissioner Barton gave verbal authorization for the use of his electronic signature on the documents from the August 18, 2021 Special Meeting.

Our next Commissioner's meeting will be the Budget Workshop meeting on October 12 at 8:30 A.M.

With no additional business to address, President Korsmo adjourned the meeting at 5:50 p.m.

**LAKWOOD WATER DISTRICT
BOARD OF COMMISSIONERS**

BY:



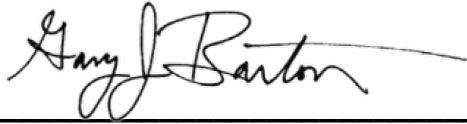
ITS PRESIDENT

BY:



ITS VICE PRESIDENT

BY:



ITS SECRETARY

ATTEST:



DISTRICT SECRETARY