

**LAKWOOD WATER DISTRICT
BOARD OF COMMISSIONERS
Minutes of Regular Meeting
Thursday, November 18, 2021**

President Korsmo called the Regular 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; IT Manager C. Fast; HR Analyst B. Levo.

Public Comment:

There was one member of the public present at the meeting. The resident did not have an official comment but expressed his interest in listening to the meeting.

Approval of Meeting Minutes:

Commissioner Rediske moved to approve the minutes of the October 21, 2021 Regular Meeting. Commissioner Barton seconded the motion. President Korsmo requested clarification on the wording of the budgetary decision agenda item from the October meeting. After a brief discussion, the motion carried unanimously. Each Commissioner individually gave verbal authorization for the use of their electronic signatures on these approved minutes.

Financial Information:

The Finance Manager presented the September financials to the Board.

Disbursements made from the General Ledger Fund for check number 44358 through 44456 totaling \$1,406,622.78, salary direct deposits totaling \$188,365.53, payroll taxes totaling \$65,860.34, and other electronic payments totaling \$269,224.81, for a grand total of \$1,930,073.46 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 Review of the 2022 Draft Budget

The General Manager presented an introduction to the draft budget and shared the theme for 2022: Focusing on Tomorrow, Today. He also commended the staff for their

hard work. The General Manager and Finance Manager presented the P&L and shared that with decreases to operating expenses, the 2022 budget is within approximately 0.01% of the budget for 2021, which is very good, given the current rates of inflation.

Commissioner Rediske requested additional information on savings. President Korsmo inquired about meter maintenance and projected future costs. The Operations Manager shared information on the meter replacement program and potential reimbursements from the vendor. In response to Commissioner Rediske's question about budget versus actual, the Finance Manager explained that we use the previous year's budget as a benchmark to current budget status.

The General Manager and Finance Manager presented options for the rate increase for 2022, including the five-year forecast and impacts to cash balance for both options. Rate modelling shows that an insufficient rate increase for 2022 would potentially result in a double-digit rate increase in 2027. The General Manager emphasized the importance of following the rate model forecast of needed rate increases in order to meet the financial policies of the District in keeping with the Board's desire for single-digit rate increases. After discussion, the Board of Commissioners elected to proceed with a 6.68% rate increase, which will help alleviate spikes in future increases. For a household using 1500cf of water, this rate increase will result in a \$3.09 increase to a bimonthly bill, or about \$1.55 per month.

The Operations Manager and Engineering Manager presented information on the 2022 capital, including information on carryover projects, GAC systems, chlorine generators, pump and motor assemblies, and emergency generators. Commissioner Barton inquired about contingency costs in District projects, which the District does not use.

The General Manager presented information on the five-year capital plan, which includes more details for future costs, some reduced, and more accurately depicts plans for the next five years, based on known projects, the District's comprehensive plan, and work performed by consultants.

The General Manager presented information on wages and benefits, including a recap of the Consumer Price Index, which is the new format the Board has agreed to use in determining Cost of Living Adjustments (COLA), current recommended benefits, and potential benefit options for 2023.

Prior to this Board meeting, the General Manager and Human Resources Analyst met with each Commissioner individually to explain the comprehensive wage and benefits study that was performed and recommended changes. Based on the information that was discussed, the General Manager requested that the Board indicate their agreement with the changes so the District may move forward with them in the final budget, as well as the 6.68% rate increase. The Board agreed to proceed.

Board Award of the Steilacoom Blvd Tank Seismic Retrofits Project:

The Engineering Manager presented the bid tally for the Steilacoom Blvd Seismic Retrofits Project and, with the General Manager, recommended the project be awarded to the lowest responsible bidder, T Bailey, with whom the District has enjoyed a very positive relationship. Commissioner Rediske moved to award the Steilacoom Blvd Tank Seismic Retrofits Project to T Bailey. Commissioner Barton seconded the motion, which carried unanimously.

General Manager's Report:

In the interest of time, the General Manager touched on a few items from his full, written report, including an update on a meeting with the City of Lakewood at the December meeting and the Administrative Assistant position, and offered to answer any questions from the Board.

Operations Manager's Report:

In the interest of time, the Operations Manager offered to answer any questions from his full, written report.

Engineering Manager's Report:

In the interest of time, the Engineering Manager offered to answer any questions from his full, written report.

Office Manager's Report:

The Office Manager was not present for the meeting but provided the Board with a written report.

Other Business:

Commissioner Barton did not have a Government Relations Committee meeting this month but shared information from a report, including information on the public works trust fund, water quality, OPMA, and a new WASWD survey. Commissioner Barton requested to give a report at December's meeting on the watershed forum.

President Korsmo thanked the Finance Manager and the rest of the staff for their hard work on the budget.

President Korsmo dismissed the staff at 5:40 p.m. and called for a ten-minute Executive Session.

Executive Session Under RCW 42.30.110

The Board entered Executive Session at 5:40 p.m. for the General Manager and Human Resources Analyst to brief the Board on an employee situation. The session concluded at 5:50 p.m.

No action was taken in Executive Session.

Additional Business:

The Board accepted the General Manager' two-year notice of retirement.

President Korsmo dismissed the General Manager from the meeting. The Board discussed the options for the General Manager's compensation, based on the wage and benefits study results, with the Human Resources Analyst. President Korsmo thanked the Commissioners for the discussion.

Our next Commissioner's meeting will be on December 16.

With no additional business to address, President Korsmo adjourned the meeting at 6:09 p.m.

**LAKWOOD WATER DISTRICT
BOARD OF COMMISSIONERS**

BY:



ITS PRESIDENT

BY:



ITS VICE PRESIDENT

BY:



ITS SECRETARY

ATTEST:



DISTRICT SECRETARY