



**LAKESWOOD WATER DISTRICT
BOARD OF COMMISSIONERS
Minutes of Regular Meeting
June 30, 2022
Boardroom & Via Microsoft Teams**

1. CALL MEETING TO ORDER

President Korsmo called the Regular Meeting to order at 3:32 PM.

2. ATTENDANCE

Present at the meeting: Commissioners J. Korsmo, G. Rediske, and G. Barton; General Manager R. Black, Operations Manager I. Black, Engineering Manager M. Meyer, Finance Manager P. Mendoza, Office Manager T. MacDougall, IT Manager C. Fast, Administrative Assistant J. Clark.

3. PUBLIC COMMENT

Paul Webb shared that he understands why the District is proposing this change and he is for the District being cost effective and efficient as they have always been. He is considered a “mom & pop” landlord, and either way, there will not be a huge impact on him; however, he has read comments and watched previous meetings, and he doesn’t think this will discourage mom and pops from being landlords. Mr. Webb will need to assess the impact on his own rental. The District has done its due diligence to answer all the questions from the prior meetings, and legally the District has the authority to make these changes; and he supports the District with this proposed change.

4. NO TENANT SIGN UP PROPOSAL – PUBLIC MEETING SUMMARY

Randall Black, General Manager, shared that we have around six summarized sections: Pro Comments, Legal Questions, Excessive Water Usage, Budget, Need to Sale their Property, Extra stress on housing providers

Teri MacDougall, Office Manager, shared the comments made during the two open house events for the No Tenant Sign Up Proposal and the comments received from one-on-one meetings, social media, and emails. The process started with meeting with two different housing providers (Mr. Webb) and a multi-unit and single-family homeowner. He was more against it due to the restrictions placed during the pandemic. We had two open house meetings on the same day; we received two pro-comments, one from a single-family homeowner; her concerns were eliminated once she found out the tenant could still receive the bill. The second pro-commenter was a multi-unit property manager of six sites, and she utilizes the CSR reps to review usage quarterly and meets with her tenants to go over this; she does this annually for the lease renewal process. She fully believes this is part of the responsibility of owning rental investment properties and shared one solution would be to have a utility deposit.

There were a few that had legal questions asked if it was legal to do this set up. RCW 57.08.081(7), which is copied below, discusses having to provide the owner with notice

of a tenant being delinquent (if owner requests such notice) before the District has the right to lien the property for a past due bill, but says nothing about having to legally allow the tenant to be the account holder. Furthermore, RCW 57.08.081(7) makes it clear that the property owner is ultimately responsible for paying the bill, legal counsel of the District believes the District is on strong ground to require the account be in the owner's name.

One attendee stated he spoke to his attorney, who told him that even if the tenant receives a copy of the bill and it states in their lease that they are responsible for the water and if the tenant doesn't pay the bill and he doesn't either, and it gets turned off for non-payment, that he can be sued. Legal Counsel response: Regardless of whose name the bill is in, ultimately, it is the property owner who is responsible for paying the District for water service. Whether a tenant can blame a landlord for failing to pay a water bill is an issue between the tenant and landlord. Also, the tenant and landlord are free to contract between themselves as to who is responsible for the bill is between them. The District has the right to require the account to be in the property owner's name, and the District has the right to look to the property owner for payment and to shut off the water if the bill is not paid. What the District will likely do is give the tenant notice that shut off is coming in X number of days because the water bill was not paid, which will then allow the tenant to either work out his/her differences with the landlord so that the landlord pays the water bill, or pay the water bill his/herself, and to ensure water service continues and then deal with the landlord separately. There is nothing stopping the tenant and landlord from agreeing between themselves that the tenant is responsible for paying the water bill. If the tenant sends in a check every month, the District will cash that check and credit the landlord's account, thereby keeping the water bill current. Ultimately, however, the landlord needs to make those arrangements, not the District. If the landlord comes in and asks for the water to be shut off at a property where there is a tenant, the District policy should be that it will not do that. The only reason the District will shut off water to a property is for failure to pay the bill.

Excessive water usage was another concern. Ms. MacDougall reached out to Skyway Water and Sewer and Woodinville Water and Sewer to see if they have had any issues with tenants using excessive water. They both replied that they have not seen this issue and have been using the "No Tenant Sign Up" for the past 8-10 years.

General Manager Black shared that he has a conversation with Patrick Sorensen the General Manager for the Woodinville Water District, who was also the City Manager for the City of Centralia and the City of Bellingham, and General Manager for Mukilteo Water District. Mr. Sorenson shared with General Manager Black, that he has not experienced any excessive water usage to get back at an owner or property owners selling their homes due to the impact of this program in any of his previous or current districts.

Commissioner Rediske shared with our new system that excessive water usage is noticed immediately, and they are notified promptly. Ms. MacDougall agreed we have our continuous usage of more than 300 cubic feet per hour within five days; we also have a usage portal to check on the usage.

Ms. MacDougall shared some of the comments were concerns about the budget; the savings to the customer service budget were not enough to justify this change. The potential savings to the District is \$36,930 annually or \$3,078 monthly.

Other comments received are the new laws against housing providers are tying their hands; they don't have time to deal with this; tenants will not pay if it is not in their name, and the housing providers don't have the money to pay it. They will have to raise rents to deal with this and charge extra deposits. Why not raise the rates to collect the money it takes for LWD to manage the accounts.

It is easier for the District to collect the debt; if they don't pay, the District can turn off the water or put liens on the property. One said they would make money by charging the tenants more. Homeowners are not able to get help to pay bills caused by their tenants; the District did help homeowners and their tenants pay their water bills with CARES Act funding from the City of Lakewood. This is the overall feedback from the two open houses and comments received.

General Manager Black provided the Board an opportunity to review the two open house meetings and to be able to watch and listen to the comments that were shared by the ratepayers. The question is whether \$36k annually is sufficient to move forward with this proposal. We are not asking the Board to decide at this meeting, to make it at the July meeting.

The three options are:

- Do nothing; leave it as is with the current arrangements
- Agree to the No Tenant Sign Up
- Charge a \$20 setup fee to the owner per account for keeping the account in the tenant's name

Our recommendation is to move forward with the No Tenant Sign Up, we believe this is in the best interest in the long run of the District.

Commissioner Rediske has some concerns that we are the only utility with a variable bill doing this and that it puts a burden on the landlords. Many people have issues with this proposal, and he would be more in favor of going for the \$20 setup fee. He is not hardcore on this idea but leaning that way.

Commissioner Korsmo shared landlords would have several options to collect they could raise the rent with the average water bill. Single-family residents are a little easier than multi-units to do. General Manager Black shared that multi-units have a software program that they can use, and there are a couple of services out there that pay all of the utility bills for the housing providers for a small monthly fee that is charged to the tenant.

Commissioner Rediske is concerned that landlords can charge a flat rate for the water, which could be outrageously high. Is this something many apartment complexes do? General Manager Black shared that some charge a flat fee, have a meter for each unit, and charge that fee.

Commissioner Korsmo thanked Ms. MacDougall for her work on this project and Mr. Webb for providing public comment. The Board will make their decision during the July meeting.

5. APPROVAL OF MEETING MINUTES FROM 4/18/22 SPECIAL MEETING, 5/4/22 SPECIAL MEETING, AND 5/19/22 REGULAR MEETING.

COMMISSIONER REDISKE MOVED TO APPROVE THE APRIL 18, 2022, SPECIAL MEETING, SECOND BY COMMISSIONER BARTON. MOTION PASSED UNANIMOUSLY.

COMMISSIONER REDISKE MOVED TO APPROVE THE MAY 4, 2022, SPECIAL MEETING, SECOND BY COMMISSIONER BARTON. MOTION PASSED UNANIMOUSLY.

COMMISSIONER REDISKE MOVED TO APPROVE THE MAY 19, 2022, SPECIAL MEETING, SECOND BY COMMISSIONER BARTON. MOTION PASSED UNANIMOUSLY.

6. FINANCIAL INFORMATION

Philip Mendoza, Finance Manager, presented the May 2022 financials to the Board. He shared that retail sales in May 2022 were 5.54% lower than budgeted and 0.97% lower YTD. Wholesale water sales are lower than projected, in May the District met with the wholesale partners and had True-Up meetings, and the new rates for Summit is 1.5 MGD, Firgrove 2 MGD, Washington Water 1.5 MGD. Operating revenue is 4.57% lower than budgeted and 2.85% lower YTD. Pumping operations is 10.17% lower than budget and 6.62% under budget YTD; the flushing program is unable to be done due to down well sites; currently, we are in high use season and will try again in the fall. Those savings will be reallocated to other line items. Water Treatment operations are 44.46% under budget and 33.78% under budget YTD. Transmission and Distribution operations is 5.22% under budget and 11.56% under budget YTD. Total operating expense is 4.18% under budget and 5.35% under budget YTD.

a. Approval of Payables

Disbursements made from the General Ledger Fund for checks number 45178 through 45318 totaling \$2,622,140.59, salary direct deposits totaling \$192,301.09, payroll taxes totaling \$71,391.40, and other electronic payments totaling \$1,788,651.33 for a total of \$4,674,484.41 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. GENERAL MANAGERS REPORT

Randall Black, General Manager, provided the following updates:

Woodland Estates – All of the agreement documents have been mailed to the property owners to sign and return by July 25, 2022. The District is offering notary services for the property owners.

Abitibi Update - General Manager Black shared he had a conference call with Abitibi property developer Rand Bell's attorney to discuss their proposed changes. They shared three of the five wells will need a 100 feet sanitary zone around them, this will significantly prevent them building. They prefer that we only investigate two wells; those are the two we would like to have. The goal is to sign the agreement by the end of this week or the beginning of next week.

Spanaway Water –Valencia\Martinez have signed the "Stipulation of the Need for Use and Necessity." We are waiting to hear back on their appraisal; once we have their appraisal price, we'll compare it to our appraisal and go into negotiations if needed. Mr. I. Black, Operations Manager, will share the project contractor's bid results later in the meeting as a reminder that the Board awarded the supplies last month.

Federal Infrastructure Funds - We are getting closer to the final steps for the \$2 million in funding from Senator Murray's office for two new wells; we should sign the contract in September 2022 and receive the funds early next year.

PFAS EPA Update – On June 15, 2022, the EPA set new Interim Health Advisory Levels (HALs) for PFOA at 0.004 parts per trillion and 0.02 parts per trillion for PFOS. Final HALs were also set for GenX chemicals at 10 parts per trillion and 2,000 parts per trillion for PFBS. These are microscopic levels and trace amounts. There is more information on the District website.

Manufacturing Supply Symposium – The District hosted the Manufacturing Supply Symposium on June 28, 2022, in the boardroom. We had 20 attendees from different cities, water districts, PUD, and consultants. Thirteen manufacturers presented the status of their businesses and why there is such a delay in receiving supplies.

The manufacturers shared that a lot of the challenges are from lack of staff, truck drivers to deliver supplies and getting materials from other sources. The big rush from housing builders has caused delays, and COVID-19 had many plants at half capacity. They have changed their strategies to be more efficient, higher wages, and their hiring process. The consensus is they should be back to normal delivery times by the beginning of 2024.

The manufacturers encouraged districts to look at substitutions that are available now instead of waiting for the normal regular parts. To have engineers consider an escalator of 8% in their estimates in case prices go up.

It was a very informative meeting, and many from the manufacturers and water districts have asked if this would become an annual meeting. All the attendees were emailed a survey asking how they thought the meeting went, and if they would like to attend a yearly event, etc.

8. OPERATIONS REPORT

Ian Black, Operations Manager, shared the 39th Ave and 112th St projects are finishing up, and he will be submitting a Conditional Acceptance letter to the Board at the July meeting.

The Flushing program is on hold due to the start of the flushing being at a well that has PFAS, PFOS, and SAL at the Oakbrook site, staff looked at different options to start at a different well on View Road, but the wells they were going to use, the pumps failed, they are down and will be repaired soon. Now that we are in peak season it is not good time to do the flushing program, we will try again in the fall with the new strategy.

Naomi Lawn and Steilacoom Lake Dr. designs are almost complete. They will go out to bid in August or the first week of September, but due to supplies being 36-40 weeks out, they will most likely not start until the beginning of next year.

Commissioner Korsmo inquired about the Scotts Well was up and running with both treatments. Mr. I. Black shared they are up and running, and you will see the completion request towards the beginning of next year.

a. Bid Award WTME Schedule H – Spanaway Extension

Bid award for installation only for WTME Schedule H – Spanaway Extension closed on June 28, 2022, and we received four bids from RW Scott, Ceccanti, NW Cascade, and H-Con. The engineer's estimate was \$907K, and the lowest bidder was Ceccanti at \$842,131.95.

Staff is asking the Board to approve the lowest bid received by Ceccanti in the amount of \$842,131.95.

COMMISSIONER REDISKE MOTIONED TO APPROVE BID AWARD FOR WTME SCHEDULE H – SPANAWAY EXTENSION TO CECCANTI IN THE AMOUNT OF \$842,131.95. SECOND BY COMMISSIONER BARTON. MOTION PASSED UNANIMOUSLY.

9. ENGINEERING MANAGER'S REPORT

Marshall Meyer, Engineering Manager, shared Pumptech is installing two well pump motors this week and should be up and running in the next two weeks. Steilacoom Blvd. interior coating is done, and they are doing a soak test to make sure none of the coating is leaching into the water; once they are done with the testing, the well will get up and running.

EPA set new Interim Health Advisory Levels (HALs) for PFOA at 0.004 parts per trillion and 0.02 parts per trillion for PFOS. PFOS is the compound our wells have a more challenging time meeting the regulations. The EPA HAL for the combined total of PFOA and PFOS was earlier 70 parts per trillion. Commissioner Barton stated that you couldn't even get down that far to test reliably.

EPA should have actual regulatory guidelines later this year.

EPA will continue Containment Level that would be enforceable. Washington State continues to use the State Action Level we need to meet during this time.

Mr. Meyer shared a PowerPoint presentation on the 12 wells that have PFAS detected:

- Treated: G-1, G-2, H-1, H-2 (great success, no detection found)
- Turned off: I-3, O-2, O-3, and U-1

- Wells near, but below the State Action Levels (SAL): J-1 and J-2
- Wells below SAL: D-3 and E-3

As our wholesales grow, we will not be able to keep them offline, and the almost \$2 million grant from Senator Murray's office will help us to start construct two new wells to help offset the loss in sources. One well will be at the Scotts Well site in a deeper aquifer that will avoid the PFAS, and the second well will be at Lake Street site, also in a deeper aquifer. We have existing wells at these sites with good production records, and we feel the new wells will work well. We may have to treat Iron and Manganese but will not know until we drill the new wells; this is more cost-effective compared to adding a treatment system to remove PFAS.

In the fall of this year, the Drinking Water State Revolving Fund will begin receiving applications for projects including projects for PFAS mitigation. There is about \$17 million of grants for PFAS mitigation a year for the next five years. The grant is funded and administered through the Department of Health. Staff will present to the Board the application for funding to replace O-2 & O-3 wells at the Oakbrook site, and the I-3 Well at Hipkins, with replacement wells in the deeper aquifers down to the G aquifer. We will look at the E level aquifer first (600 ft), and if it doesn't look good, we will go down to the G aquifer.

For the remaining well that is currently turned off, the Country Place U-1 Well, in the first part of 2023, we will reach out to the school district or HOA for easements to see if we can go in a partnership due to the lack of space in the area. We will also look to see if there any available properties near the existing site that would be good candidates for drilling a replacement well. If we cannot find property for a replacement well, we may need to add an Ion Exchange treatment system to the site. We would submit an application for grant funding for this site, either a replacement well or a treatment facility, in 2023.

Mr. Meyer discussed that when drilling a new well there is an inherent risk that the well may not produce as much water as originally anticipated. We have a decent amount of property at the Oakbrook and Hipkins sites and if the new wells are not as productive as we would like, we have room for a filtration system and would still have time for the second round of applications to put in a filtration system for these existing wells.

Mr. Meyer also shared briefly that EPA is anticipated to provide more formal guidelines and standards for PFAS later this year or in 2023. That is anticipated to include an enforceable maximum contaminant level (MCL) for PFAS as well as a timeline to meet the requirement. Depending on what this level is set at, we may need to take additional steps to address the remaining four wells with PFAS detections. Mr. Meyer shared that we would likely need to add a GAC treatment system to the 88th & Pine (J-Wells) site. We anticipate being able to drill replacement wells for both the D-3 and E-3 Wells depending on the need.

Commissioner Rediske asked, "if the J-1 and J-2 were to go down would we be, okay?" Mr. Meyer responded that we would have to rely on the Steilacoom Blvd. site since it has a pumping station to supply the need of that area. It would be a challenge, but it would keep the water flowing to the customers.

General Manager Black said we would present a more formal approach to address the PFAS challenges at the July meeting. This presentation will include a request for the Board to approve a course of action and projects so that funding options can be pursued.

Commissioner Barton shared his concerns about putting too much stress on the E aquifer to get below the PFAS, particularly at the Scotts site. Mr. I. Black shared that at the most recently constructed well (G-3) at this site we didn't find much at the E aquifer, which is why we went down to the G aquifer for that well.

Commissioner Rediske and Commissioner Korsmo are comfortable with the approach the District is taking and thank you for all that you are doing.

10. OFFICE MANAGER REPORT

No additional updates.

11. Other Business:

- a. The Board acknowledged the wage increase this month.
- b. General Manager Black shared we continue to make progress on the Wholesale Transmission Main event (10/6/2022). We are looking for donations to offset the costs to the District.
- c. Commissioner Barton provided a brief update on the WASWD Legislative Committee. Commissioner Barton shared that the Public Works loan program is now open from 6/6/22 through 9/9/22. \$116 million for construction, \$3 million for pre-construction, \$2 million for emergencies and \$150,000 for administration with an interest rate of 0.7%-1.1% for the 2022 loan cycle.

DOH received funding to establish a non-regulatory stakeholder forum to discuss the PFAS issues. Judy Gladstone will be in touch with us soon to discuss being at the table.

- d. Our next Commissioner's meeting will be on July 21, 2022, at 3:30 PM.

12. PUBLIC COMMENT

None.

13. ADJOURN

President Korsmo adjourned the meeting at 5:08 PM.

LAKWOOD WATER DISTRICT
BOARD OF COMMISSIONERS

BY:



ITS PRESIDENT

BY:



ITS VICE PRESIDENT

BY:



ITS SECRETARY

BY:



DISTRICT SECRETARY (DATE)