



**LAKESWOOD WATER DISTRICT
BOARD OF COMMISSIONERS
Minutes of Regular Meeting
September 15, 2022
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 (Teams), and G. Barton; General Manager R. Black (Teams), Operations Manager I. Black, Engineering Manager M. Meyer, Finance Manager P. Mendoza, IT Manager C. Fast, Administrative Assistant J. Clark.

3. PUBLIC COMMENT

None.

4. APPROVAL OF MEETING MINUTES FROM 8/18/22 REGULAR MEETING.

COMMISSIONER REDISKE MOVED TO APPROVE THE AUGUST 18, 2022, REGULAR MEETING MINUTES, SECOND BY COMMISSIONER BARTON. MOTION PASSED UNANIMOUSLY.

5. FINANCIAL INFORMATION

Philip Mendoza, Finance Manager, presented the August 2022 financials to the Board. He shared that retail sales in August 2022 were 20.89% lower than budgeted and 15.74% lower YTD. August 2022 vs August 2021 (41.2M CF vs. 51.5M CF). Operating revenue is 9.57% lower than budgeted and 6.01% lower YTD. Wholesale Water 10.28% higher than budgeted; 0.09% lower than budgeted YTD. Pumping operations is 29.92% lower than budget and 9.73% 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 25.70% under budget and 26.99% under budget YTD. Transmission and Distribution operations is 41.32% under budget and 11.76% under budget YTD. Total operating expense is 17.88% under budget and 4.85% under budget YTD.

a. Approval of Payables

Disbursements made from the General Ledger Fund for checks number 46521 through 46658 totaling \$1,124,941.94, salary direct deposits totaling \$275,151.51, payroll taxes totaling \$100,896.96, and other electronic payments totaling \$338,099.92 for a total of \$1,839,090.33 were presented to the Board for approval.

COMMISSIONER BARTON MOVED TO APPROVE THE PAYABLES AS LISTED. COMMISSIONER REDISKE SECONDED THE MOTION. MOTION PASSED UNANIMOUSLY.

6. 2023 BUDGET UPDATE

General Manager Black shared Finance Manager Mendoza and his staff are making great progress on the budget and are working with each department on their 2023 department budgets. We are working on different funding sources for PFAS. The District applied for four DCCA Grants submitted yesterday that were put together with the help from Gene Peterson, Marshall Meyer, and myself. All four had significant dollar amounts requested. We will keep you updated on the progress of the different funding applications.

We had a call with two representatives from EPA yesterday to discuss Water Infrastructure Finance and Innovation Act (WIFIA) a federal loan program that has been around for the last five years. The meeting was with two EPA representatives: one that writes the loan and applications and one of the Environmental Engineers that reviews the applications. The minimum amount to borrow is \$20M up to \$700M, there is a vast variety of loan applications that WIFIA has to offer. This is like a line of credit; you only pay interest on the amount withdrawn from the account and not on what you do not spend. You have five years to bring the project to substantial completion and another two years beyond that and they can delay principal payments another five years after the projects have met substantial completion. There are many options on how you restructure the loan payments to fit the utility. The District could have up to 42 years to repay the loan. Staff is working their way through the different options. Sergey from FCS Group attended the meeting along with Finance Manager Mendoza and will look at overall revenue bonds vs. WIFIA loans. WIFIA loans up to 49% of the cost of the project, they want to make sure you cover your costs on the projects. They encourage being very conservative on contingency, costs, and anything that can affect the projects. They want everyone to look at all worst-case scenarios when applying for the loan. Examples of this would be if we drill deeper and find that we need to treat the water with GAC or iron manganese or if the water isn't available. You do not need to use all of the funds that they loan, like if the District was to receive grants to pay for the well drilling.

The District will do their due diligence to make sure that the program will work for the us.

Commissioner Barton would like to make sure to address social concern/economic justice and pay equity. He would like the District to start addressing this issue, he does note the District does a great job at this already. General Manager Black shared that he shared your concerns to B. Levo, HR Manager and they will bring the plan to the commission soon.

Commissioner Korsmo likes the infrastructure bills and how they can benefit the District. Commissioner Korsmo asked Finance Manager Mendoza if the interest we are earning on Revenue bonds is outperforming what we are paying interest on the revenue bonds.

7. GENERAL MANAGERS REPORT

Randall Black, General Manager, provided the following updates:

A) Woodland Estates Update

Commitments have been made with 11 of the 12 property owners at Woodland Estates. There is one property owner who is non-responsive to call, texts, emails, letters, served in Florida, etc. Due to the challenges with the homeowner, we are going to take a different route going around the property. Normally we would split the property 10ft on each side and the watermain down the middle. Legal Counsel has approved the new route to bypass the nonresponsive property owner. This allows the project to move forward with the construction. The District has to get verbal approval from two property owners to go further in their space and we have received their approval to do so.

Once the project has been completed, we will need to go in and abandon and disconnect the old meter. The challenges that we will have is that the tenants will have their water disconnected. To connect to the watermain, the property owner then has to pay all of the connection costs at a higher cost because it will not be split among all of the homeowners. We are looking at contacting the City, County, and press to let them know of the situation and that our hands are tied.

B) Investigation of Well at the Abitibi Property

Engineering Manager Meyer will share specifics of the bid results.

C) Spanaway Water Connection Update

Operations Manager Black will share updates on the construction.

D) Federal and State Infrastructure Funds

Working with Gene Peterson to secure additional funding sources. We are getting feedback from the Department of Health under SRF funding on potential loans that may not allow us to utilize disadvantaged community criteria due to the changes that EPA is using. They are currently less favorable than we thought. The Department of Health will host a webinar next week on the loan application process and provide more information on infrastructure investment and jobs funds that are out there and the difference of resiliency funds vs. PFAS funds and how do we fit in the different criteria.

E) Wholesale Water Main Dedication Celebration

Great progress on the WTME celebration and the history of the project, event logistics, and we look forward to celebrating those who made this project possible.

8. OPERATIONS REPORT

Ian Black, Operations Manager, shared the materials for the Spanaway connection should be delivered in early October per the contract. The materials must be shipped by October 3, 2022. Ceccanti feels confident in their ability to have the project completed by December 31, 2022. This project will be all night work due to Brookdale being so busy during the day. The vault is the only item that will not be available until the third week of October which should not be a problem.

The steel building doors arrived today, and the only item missing is the overhead lights to arrive, they are delayed. After everything has been installed, PSE will come out and bring power to the building.

Main break on Farwest Drive & 112th St broke in the evening, crews came in and worked about 12-14 hours. During that time the leak compromised the road and raised the pavement, and the City required us to fix and replace the asphalt. The estimated amount of water lost in the leak was around 1MG. This was a time sensitive repair due to schools going back in session. Thanks to Chase Looker and the asphalt crew to being able to come in and work quickly. They are on the Small Works Roster and the District goes out to bid annually to make sure we have the lowest bids. They do a majority of the asphalt and concrete repairs for the District.

Woodland Estates: once we received approval and documentation from Mr. Batth, we were able to move forward with the project. He owns two properties and we needed to work out some tree removal options. The project will start on September 21st, and this should take 2-3 weeks to have everything in place. Once we turn off the old system and turn on the new system, the property that has not responded will not have any water to their building. We are hoping to hear from the final property owner before we finish the property. A survey company will mark his property lines to make sure that we do not touch his property.

The individual property owners will need to connect from the meter to their homes before we can turn the old water meter off and the new meters on.

Commissioner Barton wanted to say thank you to the staff for fixing the watermain break so quickly. Operations Manager Black shared that he was proud of the work staff did and it is great that we have such knowledgeable staff to be able to go out and fix the problem.

Commissioner Rediske inquired how old the main was. Operations Manager Black shared that it was probably installed in the 60's. General Manager Black shared that it looks like the gas company undermined the main in that area with three gas lines that we had to deal with. We spoke with PSE, and they were apologetic and are looking into the situation to not let this happen again. They installed their three-valve buster in the middle of our three-valve buster.

9. ENGINEERING MANAGER'S REPORT

Marshall Meyer, Engineering Manager, shared updates on Scotts Well site, it is functioning great, and the treatment plants are working well. Mid-October we will get materials for the new well house that was part of the grant fund. We will be able to start sooner than anticipated and will be able to renew our oldest well house at that site with the grant funding from the State.

Steilacoom Blvd Tank has 2/3 of the final coat left. The seismic pieces are done, just the overcoat needs to be done. The contractors have been great to work with.

Abitibi Well: investigating originally four wells but the developer shared that two of the wells are in one of their planned development areas and that they didn't want us to bother those wells. Engineering Manger Meyer shared that those two wells are lower yield wells, so it was not an issue. The other two wells bid was sent to eight well contractors who are highly qualified to do the work; these two wells are flowing artesian wells and we wanted to make sure the contractors were qualified to do the work. The engineer's estimate was low enough to be able to use the Small Works Roster. We received two bids back: Holt

Services (\$293,700) and Hokkaido Drilling (\$307,890) to investigate the wells, rehabilitation of the wells and they will be working with Burt Clothier, Hydrogeologist. Mr. Meyer is working with Holt Services and the property owner on the notice to proceed.

General Manager Black reminded the Commissioners that the Board approved \$400k earlier this year for the investigation. If the wells are a viable source of water, the District will work with Tom Pors, district attorney and Burt Clothier to negotiate the purchase of the two wells.

Commissioner Barton inquired if both wells have integrity issues, will the cost be changed if they have to decommission the well. Mr. Meyer shared that the price of the contract includes capping the well either to use the well later or cap it. If there are any other issues that lead to full decommissioning of the well is the property owner's responsibility to complete.

General Manager Black shared that we will receive credit for the work that has been done on the wells, we have established a tangible value on the property since the owner would have to do the evaluation. We will provide a copy of the report from the contractor and hydrogeologist.

11. Other Business:

- a. The Board acknowledged the wage increase this month.
- b. Approval to use electronic signatures
General Manager Black would like approval to use electronic signatures for letters of congratulations on staff who have earning additional certificates, schooling, etc. in their area of expertise. The Board approved the use of their electronic signatures for these types of letters.
- c. Commissioner Barton provided a brief update on the WASWD Legislative Committee. The focus of the meeting was bio-solids and restrictions of applying it on lands. There is a six-week time frame to provide language for the bill. Currently the bill has public notifications, testing of bio-solids; it mainly affects the sewer systems, but it does affect us since a majority of bio-solids have PFAS/PFOS in it. It would be good to have all WASWD members working together on this bill.
- d. Our next Commissioner's meeting(s) will be on:
 - October 06, 2022, at 6:00 PM – Wholesale Transmission Main Extension Event
 - October 11, 2022, at 8:30 AM - Budget Study Session
 - October 20, 2022, at 3:30 PM - Regular meeting

Commissioner Korsmo shared that he was contacted by a commercial business owner, who shared he received a call from LWD staff who asked for his personal information. There was some confusion with the phone conversation with the customer and customer service representative. Commissioner Korsmo would like clarification on who the water bill goes to: the LLC, property management, or every person on the LLC.

General Manager Black was unaware of this situation and will ask the Office Manager for more details. He shared that the bill would not be changed unless the tenant moves out and the bill would stay in the business owner's name.

Commissioner Korsmo asked for clarification on if the tenant has a 20-year lease, that the bill wouldn't change for those 20 years. General Manager Black confirmed that is correct. The bill would not go to individual LLC members, only to the property management company.

12. PUBLIC COMMENT

None.

13. ADJOURN

President Korsmo adjourned the meeting at 5:54 PM.

**LAKWOOD WATER DISTRICT
BOARD OF COMMISSIONERS**

BY:


ITS PRESIDENT

BY:


ITS VICE PRESIDENT

BY:


ITS SECRETARY

BY:

 10/20/22
DISTRICT SECRETARY (DATE)