



**LAKESWOOD WATER DISTRICT
BOARD OF COMMISSIONERS
Minutes of Regular Meeting
January 19, 2023
Boardroom & Via Microsoft Teams**

1. CALL MEETING TO ORDER

President Korsmo called the Regular Meeting to order at 3:34 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, HR Manager B. Levo, Administrative Assistant J. Clark.

3. PUBLIC COMMENT

Kim Underwood shared during her meeting with Commissioner Korsmo and General Manager Black, they discussed trying to initiate a Basin Study. Ms. Underwood shared that she has reached out to the Watershed Group and an additional purveyor; both are interested in participating in a basin study. Commissioner Korsmo commented he found the meeting valuable and was appreciative of the meeting.

Commissioner Barton asked Ms. Underwood what items should be studied and why. She shared that currently, no governing agency can determine how much water we have in our basin, and Parkland/Spanaway areas cannot meet their growth due to the growth management act. USGS can provide some of the information, and Pierce County is focusing on flood management/control and will then look into recharging our groundwater/shallow aquifers. Last year the local lakes dropped substantially, and Clover Creek was dry for about six months. There are a lot of different factors to be considered. A complete basin study will provide more information than the USGS can provide; it will factor in the growth and climate change. California completed most of the studies within their state, Oregon is close to completion, and Washington has one or two completed.

Commissioner Barton shared USGS model should provide climate impacts when you change precipitation within the model. He shared that we won't want to duplicate efforts and thinks it will provide the information requested.

Ms. Underwood has spoken with Andrew, and they can't factor in growth; the only applicable way they can is to run the model in reverse. Yes, there is some valid information, but it is not complete. She will email the differences between the basin study and the USGS model.

General Manager Black shared that this subject has come up frequently with the Clover Creek Council; several people are concerned about water in/water out and precipitation, climate change, and growth. He shared there was great progress in the study until the tribes stopped in 2003 due to some of the data they thought was important to be in there.

To effectively get basin usage, you need to have all the partners come together, including the tribes, as they did in 2003. To look at the overall eco-health system and consumption in the county, state, city, and local jurisdictions. There is funding available through the Department of Ecology; it would be helpful if the state legislatures of the 28/29th Districts champion the cause. He has shared this information with the Clover Creek Council as well.

4. 2023 ANNUAL ELECTION OF BOARD PRESIDENT, VICE PRESIDENT, AND SECRETARY.

Commission President

COMMISSIONER REDISKE NOMINATED COMMISSIONER KORSMO FOR COMMISSION PRESIDENT. SECONDED BY COMMISSIONER BARTON. MOTION PASSED UNANIMOUSLY.

Commission Vice President

COMMISSIONER REDISKE NOMINATED HIMSELF FOR COMMISSION VICE PRESIDENT. SECONDED BY COMMISSIONER BARTON. MOTION PASSED UNANIMOUSLY.

Commission Secretary

COMMISSIONER REDISKE NOMINATED COMMISSIONER BARTON FOR COMMISSION SECRETARY. SECONDED BY COMMISSIONER KORSMO. MOTION PASSED UNANIMOUSLY.

5. EXECUTIVE SESSION PURSUANT TO RCW 42.30.110(1)(I)(III) TO DISCUSS LEGAL RISKS.

Commissioner Korsmo called Executive Session to order at 3:50 PM, estimated time of the meeting 15 min. Legal counsel Katherine Weber joined the Executive Session for discussion. Commissioner Korsmo closed Executive Session at 4:05 PM.

The District recently due to an internal audit discovered a payroll calculation error in which the standby compensation received by employees who were on-call was not included in within the regular rate of pay for the purposes of computing overtime.

IT IS THE RECOMMENDATION THAT THE BOARD AUTHORIZE THE GENERAL MANAGER AND HIS DESIGNEES TO CORRECT THE PAYROLL ERROR. THE ANTICIPATED COST IS LESS THAN \$10,000, IF THAT NUMBER WAS TO SUBSTANTIALLY CHANGE AND EXCEED THE \$10,000 THE GENERAL MANAGER WOULD REPORT THE SAME BACK TO THE BOARD. MOTION MOVED BY COMMISSIONER REDISKE AND SECONDED BY COMMISSIONER BARTON. MOTION PASSED UNANIMOUSLY.

6. APPROVAL OF MEETING MINUTES FROM 12/22/22 SPECIAL MEETING.

COMMISSIONER REDISKE MOVED TO APPROVE THE DECEMBER 22, 2022, SPECIAL MEETING, SECOND BY COMMISSIONER BARTON. MOTION PASSED UNANIMOUSLY.

7. FINANCIAL INFORMATION

Philip Mendoza, Finance Manager, presented the November 2022 financials to the Board. He shared that retail sales in November 2022 were 27.25% higher than budgeted and 1.06% lower YTD. Operating revenue is 20.8% higher than budgeted and 0.57% of the budget. Pumping operations is 2.4% over budget and 1% under budget YTD. Water Treatment operations are 30.3% under budget and 19.3% under budget YTD. Transmission and Distribution operations is 13.39% under budget and 11.90% under budget YTD. Total operating expense is 6.83% under budget and 2.77% under budget YTD. Total operating and maintenance expense is 3.86% under budget and 1.80% under budget YTD.

a. Approval of Payables

Disbursements made from the General Ledger Fund for checks number **45457** through **45566** totaling **\$1,807,971.74**, salary direct deposits totaling **\$202,084.10**, payroll taxes totaling **\$69,338.84**, and other electronic payments totaling **\$336,178.89** for a total of **\$2,415,573.57** were presented to the Board for approval.

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

8. ABITIBI WELL UPDATE

General Manager Black shared a recap on the history of the investigation of the wells on the Abitibi site. The District hired Holt Drilling Services to investigate the wells and discovered that both well sites were dilapidated. It is the recommendation that the District pass on the two wells, as they will be too costly to fix. We thanked the property owner, who was also a recipient of the information, and he can decide to abandon the wells or use them for the Garrison Creek restoration project.

9. GENERAL MANAGERS REPORT

Randall Black, General Manager, provided the following updates:

Woodland Estates – All properties are now connected to the new water main and their meters. The one owner that we were waiting for ended up paying for the project in full.

Essential Worker Designation – We are making progress and hope to engage with a representative from the State Emergency Response department to talk about what their views are on necessary changes to incorporate Utilities as essential or first responders so they can travel or receive PPE or other issues that become emergencies. Water workers should not be one of the last workers to receive PPE or vaccinations. We are working to change the process or the law.

Spanaway Water – We've been working with Spanaway on their take of water. They wanted to see the benefits of paying some of their capital costs in advance. Spanaway's board agreed to \$2.5M of the \$4.5M, plus the construction costs of \$1.6M as part of the agreement to connect them from the wholesale transmission main to their water system. We should be receiving \$4.0M from Spanaway.

Finance Manager Mendoza shared that in the 2023 budget, we had scheduled a bond issue of \$5M around July/August. With the influx of cash, we could abandon that plan and move forward with deferred borrowing in 2024 instead of borrowing this year. With the interest rate being significantly higher than we are used to, we could save approximately \$10K-15K a month. If we can defer the other \$2.5M, we can properly plan and save on interest expenses on the \$2.5M.

Federal Infrastructure Funds – As you will recall, the District has been ranked 3rd for the Department of Commerce Defense Community Capability program grant funding. The City of Lakewood has requested that we partner with them to advocate for the funding. Our project is a little over \$3M, and this would be working with the funding from Senator Murray's office on wells G4 & K-3. We both believe there is an excellent chance of getting funding through this program. It will require a strategy to message our loan to our legislative folks to support the process in the upcoming legislative session.

I have been discussing with Lobbyist Bill Clarke, who the District has used before, about our funding requests and partnering with the City of Lakewood's lobbyist. Mr. Clarke is also the lobbyist of RWPC, and he has agreed to offer his services this legislative session. He will work with the budget department and the budget chair for legislation to ensure the funding goes through. The estimated costs for Bill's services would be in the \$12-15K range.

I want to request that we have a contract with Bill Clarke for this year's 2023/2024 legislative session.

THE BOARD OF COMMISSIONERS APPROVED MOVING FORWARD WITH THE CONTRACT WITH BILL CLARKE.

We heard back from DOH on the SRF applications, and there was a lot of competition for the PFAS funding. Although we did not receive any grant funding, we did get approved for loans for the six projects. We have had conversations with the DOH and Bill Clarke and the strategy needed going forward. The DOH has to disclose all the utilities that have been approved for the loan applications. Part of the difficulty with this is; if we have been approved for a loan, will we be able to get grant funding? They will ask, "why we should get a grant if we have been approved for a loan." We have looked at the risks that could happen. The interest rate on these loans is a low 2.5% loan. It is a lot lower than the revenue bonds interest, around 4.5%. It would be more advantageous to have the SRF loan. Mr. Clarke pointed out that there are a lot of funding requests. There will be more districts looking for funding once the mandatory testing begins in 2023 and agencies start testing for PFAS.

We would withdraw the application for K-3 & G-4 that we have in the DCCP program for the U-1 and Oakbrook well sites. Doing this will give us some time that will allow us to apply for the 2024 funds, showing the legislature that we still have a need for additional funding to finish up our wells I-3, Hipkins, and O-2.

We request approval to take a loan out for the I-3 & O-2 Oakbrook well sites. The loan interest at 2.5% is much lower than other options available.

Mr. Meyer shared that we applied for four different applications for five wells; to see what grant funding we could get. Unfortunately, we didn't receive any grant funding. We will need to have the two wells back online to meet the supply demands in the next two years. If we wait to get all four wells to be funded, it will put us behind on our supply. We are still trying to get grants to cover these projects.

We recommend that we pursue the two loan applications for I-3 & O-2 for \$8.2M; if we have to treat for iron and manganese, it would be \$4.1M each for a total of \$8.2M total if we do not have to treat them, it will come in lower. We will know if we need to treat them once we drill the wells.

COMMISSIONER REDISKE MOTIONED TO MOVE FORWARD WITH THE LOAN APPLICATIONS AS PRESENTED FOR WELLS I-3 & O-2. SECONDED BY COMMISSIONER BARTON. MOTION PASSED UNANIMOUSLY.

Western State Hospital - We had a meeting last week with DSHS regarding water services for the new 350-bed Western State Hospital. The State has allocated \$2.4M for a conditional assessment study on behalf of the Lakewood Water District, including a feasibility study in the 2023-2024 budget. The State's 2025-2027 budget has earmarked \$23M for capital expenses. RH2 is the consultant on the project. DSHS has asked what capital improvements are needed to bring the system to Lakewood Water District standards, and it is estimated to be around \$13M.

The District is interested in water rights and wells on the hospital property. DSHS has done some assessments on the wells and wants to look at some water quality issues they've had. They will share the study that RH2 is completing in the next few weeks.

General Manager Black shared that Operations Manager Black suggested the other tracks of this process get approval for the District to take over the water system from the hospital. Due to being outside our service boundary area; we would have to make a boundary adjustment to take over the hospital. They are already asking how the connections can happen; it is too early to say. Operations Manager Black will take over the portion of the coordination of the construction issues. We don't want them to make connections only to have to change everything to connect to our system.

Operations Manager Black shared that we need to have the contractors, real estate, land transfer, and Attorney General for the water rights so that we are all working simultaneously. So, when we are ready so that we don't have a five-year delay, we can move forward in a timely manner. Before we take over, they need to have a condition assessment that we need to fix or not to fix.

There will need to be an MOU outlining timelines and who is completing the different tasks. We would like to have a letter that this is an actual project, and they intend for the District to assume the water in the next four years. We should have that letter in March/April.

We hope to have the letter from DSHS in the next few weeks and will provide an update at the next meeting.

Legislature Bills

There are 720 bills that have not made it to the floor yet. Please see his report for more details regarding the house bills we are monitoring.

10. OPERATIONS REPORT

Ian Black, Operations Manager, shared that the 96th St S and Front St S Water Main Replacement, Job #781, will be advertised on January 30, 2023, and close on February 14, 2023. We will award the project on February 16, 2023. This will be all of the R&R projects for the year.

a. Conditional Acceptance for the LWD Steel Building Project #0806

The project has been completed and has passed inspection from the City of Lakewood and L&I.

Commissioner Korsmo would like the Commissioners to tour the back property at the next meeting. It was agreed that a tour would happen at the next meeting.

COMMISSIONER REDISKE MOTIONED FOR CONDITIONAL ACCEPTANCE FOR THE LWD STEEL BUILDING PROJECT. COMMISSIONER BARTON SECONDED THE MOTION. MOTION PASSED UNANIMOUSLY.

Spanaway Water is connected and scheduled to receive water on January 24, 2023; they have delayed accepting the water due to high-pressure concerns. They have sent letters to all of their customers advising them of this. The District will send 1mgd and move to 2mgd approximately three weeks after January 24, 2023. Some final restorations will be occurring now through the beginning of spring.

Commissioner Rediske asked if it was cheaper to purchase water from us than to pump their water. We don't know their situation, so we are unable to answer. It is cheaper to purchase by volume. General Manager Black shared they are electing to pay their capital costs to keep their costs low for their ratepayers. For every one million they pay will save their district approximately \$11k.

11. ENGINEERING MANAGER'S REPORT

Marshall Meyer, Engineering Manager, shared there has been continued work on the different water sources.

We continue working with the supplier to diagnose the N-3 pump and motor's cause of failure. The P-1R Well had a motor failure and has been pulled for replacement. The motor is under warranty, and a replacement is being ordered.

In early January, the N-1 pump failed. It was pulled for diagnosis on January 12th. It is currently believed that a coupling failed between the motor and the pump. It is being repaired as quickly as possible to return to service.

The F-2 pump and motor remain offline as the well is being rehabilitated. The new equipment will be ordered to replace the aging equipment.

The development activities at the new R-2 well are complete, and the measured performance of the well has improved since the previous efforts that were completed in

May 2022. After the final evaluation was completed, the hydrogeologist recommended a flow rate of up to 700 gpm, more than the originally anticipated flow rate of 500 gpm.

Holt Services completed the cleaning, inspection, and testing of the F-2 Well. The work required additional redevelopment work but successfully cleaned the well screen. Through the pump testing work, the hydrogeologist determined that additional flow capacity was not advisable from this well due to increased drawdown and sand production above its current flow rate. New equipment is being ordered to replace the older equipment.

We are still waiting for the new emergency generators to arrive in August 2023.

Additional information is provided in his report.

12. IT MANAGER'S REPORT

Please see the submitted report in the packet.

13. OFFICE MANAGER

Please see the submitted report in the packet.

14. HR MANAGER'S REPORT

Update will be provided in Executive Session.

15. OTHER BUSINESS:

- a. The Board acknowledged the wage increase this month.
- b. General Manager Black reminded the Commissioners to fill out their Personal Finance Statements.
- c. General Manager Black asked to delay his retirement by an extra four months for personal reasons.

COMMISSIONERS APPROVED THE EXTRA FOUR MONTH DELAY OF GENERAL MANAGER BLACK'S RETIREMENT.

d. Commissioner Barton provided a brief update on the WASWD Legislative Committee. Shared there are many bills that are being watched at this time. He is going to put together a summary of the different bills.

SB5437 Special districts/vacancies - Concerning vacancies of the governing body of special purpose districts. A vacancy on an elected nonpartisan governing body of a town or a city other than a first-class city or a charter code city, shall be filled as follows unless the provisions of law relating to the special district, town, city provide otherwise. If a governing body fails to appoint a qualified person to fill a vacancy within ninety days of the occurrence of the vacancy, the authority of the governing body to fill the vacancy shall cease and the county legislative authority of the county in which all or the largest geographic portion of the city, or town is located shall appoint a qualified person to fill the vacancy.

HB1329 Preventing utility shutoffs for nonpayment during extreme heat - These bills would prohibit disconnections if the weather forecast is to exceed 90 degrees and require already disconnected customers to be reconnected until the weather forecast is below 90 degrees.

HB1050 Apprenticeship utilization - Expanding apprenticeship utilization requirements. works estimated to cost \$1,000,000 or more, all specifications (shall) must require that no less than 15 percent of the labor hours be performed by apprentices. As of the effective date of this section, for all public works contracts awarded by a municipality estimated to cost \$1,000,000 or more, all specifications must require that no less than 15 percent of the labor hours be performed by apprentices. As of the effective date of this section, for all subcontractors on public works with an initial subcontract price of \$200,000 or more, all specifications must require that no less than 15 percent of the labor hours be performed by apprentices.

SB5123 Concerning the employment of individuals who lawfully consume cannabis- The legislature finds that the legalization of recreational cannabis in Washington state in 2012 created a disconnect between prospective employees' legal activities and employers' hiring practices. Many tests for cannabis show only the presence of nonpsychoactive cannabis metabolites from past cannabis use, including up to 30 days in the past, that have no correlation to an applicant's future job performance. It is unlawful for an employer to discriminate against a person in hiring if the discrimination is based upon: The person's use of cannabis off the job and away from the workplace. This section does not preempt state or federal laws requiring an applicant to be tested for controlled substances. This includes state or federal laws requiring applicants to be tested, or the way they are tested, as a condition of employment, receiving federal funding or federal licensing-related benefits, or as required by a federal contract.

Commissioner Korsmo recognized General Manager Black's 38-year anniversary with the District.

- e. Our next Commissioner's meeting will be on February 16, 2023 at 3:30 PM.

16. EXECUTIVE SESSION PURSUANT TO RCW 42.30.110(G) – TO EVALUATE THE QUALIFICATIONS OF AN APPLICANT FOR PUBLIC EMPLOYMENT.

Commissioner Korsmo dismissed staff and called Executive Session to order at 5:30 PM. Estimated time 20 Minutes. Commissioner Korsmo closed the Executive Session at 5:47 PM.

17. PUBLIC COMMENT *(moved to before # 16 Executive Session)

Kim Underwood thanked the staff and Commissioners for their attention to detail and asked if the communication with JBLM had improved. General Manager Black shared that their public affairs department will improve their communication with the public. They will reach out to all the private well owners in the area to see if they want their water tested for PFAS. They will also work closely with the District and have a link on the District's website with a link to the base for additional information.

Ms. Underwood shared that this was encouraging information and hoped they were sincere about improved communication. She thanked the Board for letting her attend and to keep up the good work.

18. ADJOURN

President Korsmo adjourned the meeting at 5:47 PM.

LAKWOOD WATER DISTRICT
BOARD OF COMMISSIONERS

BY:


ITS PRESIDENT

BY:


ITS VICE PRESIDENT

BY:


ITS SECRETARY

BY:

 2/16/23
DISTRICT SECRETARY (DATE)