

Regular Meeting of the Board of Commissioners

Thursday, July 15, 2021—3:30 p.m.

(in person with virtual Microsoft Teams Meeting provision provided)

Agenda

1. Call to Order
2. Attendance
3. Public Comment
4. Approval of Meeting Minutes of the June 24, 2021
5. Financials
 - a. Finance Manager's Report
 - b. Board Approval of Payables
6. FCSG Presentation re. Wholesale Revenue Options
7. Legislative Update re. PFAS Funding
8. General Manager Project Updates
9. Operations Manager's Report
10. Engineering Manager's Report
11. Office Manager's Report
12. Other Business
 - a. Acknowledgement of employee wages for M. Kohler
 - b. Government Relations Committee Report—Commissioner Barton
13. Public Comment

**LAKWOOD WATER DISTRICT
BOARD OF COMMISSIONERS
Minutes of Special Meeting
Thursday, June 24, 2021**

President Korsmo called the Special Meeting to order at 08:30 a.m. via Microsoft Teams. Present at the meeting: Commissioners J. S. Korsmo, Jr., G. J. Rediske, and G. J. Barton; General Manager R. Black; Superintendent I. Black; Finance Director P. Mendoza; Office Supervisor T. MacDougall; IT Manager C. Fast; Engineering Manager M. Meyer, HR Analyst B. Levo, Accountant M. Thomas, guests C. Chambers, S. Bauer, L. Marchisio (filling in for M. Greenough), and J. Kray.

PUBLIC COMMENT:

No members of the public were present.

APPROVAL OF MEETING MINUTES:

Commissioner Rediske moved to approve the minutes of the May 20, 2021 Regular Meeting. Commissioner Barton seconded the motion which carried unanimously. Each Commissioner individually gave verbal authorization for the use of their electronic signatures on these approved minutes.

FINANCIAL INFORMATION:

The Finance Director presented the June financials to the Board.

Disbursements made from the General Ledger Fund for check number 43720 through 43874 totaling \$1,115,320.72, salary direct deposits totaling \$188,026.54, payroll taxes totaling \$71,851.13, and other electronic payments totaling \$2,042,702.75, for a grand total of \$3,417,901.14 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. Each Commissioner individually gave verbal authorization for the use of their electronic signatures on these approved payables.

BOND RESOLUTION APPROVAL B-1469 WITH M. GREENOUGH, BOND COUNCIL AND S. BAUER OF NORTHWEST MUNICIPAL ADVISORS WHOLESALE

The District presented the Commissioners with bond resolution B-1469 of \$9 million and a recommendation to refund the remaining \$1.9 million balance of the 2016 bond to Heritage Bank. The District would then obtain a better interest rate for our customers by reissuing the bond via bond market. The savings is currently projected to be \$47,000. S. Baur of Northwest Municipal Advisors laid out the timeframe for the bond issuance, with a closing date of August 12th. He also shared that the demand for municipal bonds is high and the District's high bond rating further increases the demand. L. Marchisio from Foster

Garvey, filling in for M. Greenough, provided highlights of the bond resolution. The Finance Director added information about rate modeling and shared that the grant funding for the GAC system allows the District to lower borrowing costs and should reduce the debt issued in 2023. Commissioner Barton moved to support Resolution B-1469. Commissioner Rediske seconded the motion which carried unanimously. Each Commissioner individually gave verbal authorization for the use of their electronic signatures on Resolution B-1469.

EXECUTIVE SESSION PER RCW 42.30.110(1)(i) PFAS LAWSUIT UPDATE WITH ATTORNEY J. KRAY

President Korsmo called for a 30-minute Executive Session at 9:15 A.M. for the purpose of discussing with legal counsel updates to the PFAS lawsuit. The Executive Session concluded at 9:45 A.M.

DISTRICT ORGANIZATIONAL RECOMMENDATION

The District has been operating for many years with senior management divided into two main groups: 1) Field Staff, except for GIS and Cross Connection, under the direction of the Superintendent; and 2) Office Staff, including Customer Service, Billing, Finance, GIS, and Cross Connection, under the direction of the Finance Director. The District has changed over time how it utilizes management staff, and the General Manager has given decision-making responsibility to each manager over their individual departments to make the best use of their expertise and operate in the best interest of District staff and customers.

The General Manager recommended title changes for the Finance Director, Superintendent, and Office Supervisor. The General Manager also recommended changes to the District's organizational chart to accurately reflect the authority structure and to divide the supervision of the field operations staff into two groups: Operations and Maintenance, led by the Operations Manager (formerly known as Superintendent) and Pumping and Water Treatment, led by the Engineering Manager.

Commissioner Rediske moved to approve the changes to the District organization as presented. Commissioner Barton seconded the motion which carried unanimously.

DISTRICT SUCCESSION PLAN UPDATE

The General Manager presented minor changes to the succession plan, including the addition of two positions – HR Analyst and Engineering Manager – and the recharacterization of the importance of positions. The General Manager also noted that the District will have three (3) retirements within the next three (3) years.

The Board of Commissioners acknowledged the succession plan as presented.

BOARD APPROVAL AND AWARD OF THE LOW BIDDER FOR NEW WELL R-2 AT 112TH ST WELL SITE

The General Manager reported that the District received two (2) bids on the new well R-2 at 112th St well site, with Holt Services as the low bidder. Holt did the work on G-3

over at Scott well site and has done other projects for the District. The Superintendent presented additional information on the bidders. He highlighted that the Holt bid came in below the Engineer's estimate.

President Korsmo requested that the District communicate with the racquet club on the R-2 site modifications.

Commissioner Rediske moved to award the new R-2 well project to Holt Services. President Korsmo seconded the motion which carried unanimously.

BOARD APPROVAL AND AWARD OF THE LOWEST RESPONSIBLE BIDDER FOR CONSTRUCTION AT SCOTT WELL SITE

The General Manager presented information on the bid opening, including the delay in the original schedule and that the District received seven (7) total bids for this project. He shared that the low bidder, Ceccanti, Inc. has limited experience in projects of this complexity with the most recent being 10 years ago. The District conferred with council for recommendations. Upon receiving positive references and in consideration of the financial resources Ceccanti, Inc. possesses, the District would like to move forward with the understanding that more oversight or involvement with the project may be required, including additional involvement from Kennedy Jenks. The Superintendent reported that the Ceccanti, Inc. bid was below the Engineer's estimate and below our budget, netting a significant savings to the District. The District feels comfortable that the bid covers all of same items as the higher bids and recommends the project be awarded to Ceccanti, Inc.

Commissioner Rediske moved to approve and award the construction project at Scott well site to the low bidder, Ceccanti, Inc. Commissioner Barton seconded the motion which carried unanimously.

GENERAL MANAGER PROJECT UPDATES

9/80s

The General Manager reported the highlights of the projects listed in the General Manager Project Update.

Spanaway Water Connection

The General Manager shared information regarding the amendment to increase Spanaway Water's total secured water from 1.0 mgd to 2.0 mgd. He requested and was granted authorization from the Board to send a draft to Spanaway Water. A copy will be provided to the Board by Friday.

Western State Hospital

The General Manager reported on the opportunity the District had to participate in the selection process for a consultant to evaluate Western State Hospital's current water system. The Superintendent was designated as the District representative and reviewed six (6) proposals. RH2 Engineers was selected by the hospital. The District is pleased

with this development, as RH2 is familiar with the District's system and has in-depth experience and resources available.

Scott G-3 New Well and Iron and Manganese and GAC Filtration

The General Manager reported the highlights of the projects listed in the General Manager Project Update.

PFAS Update

The General Manager presented information on the grant money from Senator Murray's office. The District received some additional questions concerning the intended use of these potential funds. The District would like to have both the new R-2 and G-4 wells funded by this grant. Although not official, the Senator's office feels the District has a strong application. The District is also waiting to hear if expenses that are already outlaid for these projects can be applied to the 20% the District is required to contribute.

SUPERINTENDENT'S REPORT:

The Superintendent's full, written report was provided to the Board in the pre-agenda packets. The Superintendent reported the highlights on the following topics: the 39th St Phase II and III projects, the Gravelly Lake project, and Scott treatment project. He also noted that some of the projects will spill over into 2022.

OFFICE SUPERVISOR'S REPORT:

The Office Supervisor reported on disconnects, which total 166. The District is waiting to see if the moratorium on utility disconnects will be extended. The District has approved six (6) CARES funding applications. Pending the reopening of the State, the lobby will be reopening to customers. Social distancing measures and mask requirements for unvaccinated customers will be put into place. Staff will be returning full-time to the office, with remote work available in certain situations.

OTHER BUSINESS:

The Board acknowledged staff increases as presented.

The General Manager presented information on the recently adopted State and Federal holiday Juneteenth (June 19). He reported that in a WASWD survey, our peers are unanimously adopting Juneteenth as part of their holiday schedule. The General Manager recommended that the Board adopt Juneteenth as a District-paid holiday. President Korsmo moved to approve the adoption of the holiday. Commissioner Barton seconded the motion which carried unanimously.

Commissioner Barton shared legislative highlights from the Government Relations Committee, including information on utility shutoffs, committee discussion on utility taxes, the utilization of funds, and franchise limitations. The Commissioner also shared that he will be working to get utility workers classified as essential during emergency situations like the COVID-19 pandemic.

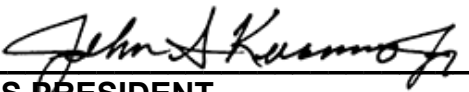
The General Manager shared information on a letter from a citizen regarding Carp Lake and requested and received Board approval to respond to the letter on behalf of the Commissioners.

The next regularly scheduled Commissioner's meeting will be on July 15.

With no additional business to address, President Korsmo adjourned the meeting at 10:34 A.M.

**LAKEWOOD WATER DISTRICT
BOARD OF COMMISSIONERS**

BY:



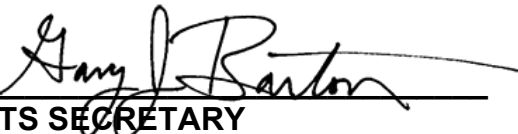
ITS PRESIDENT

BY:



ITS VICE PRESIDENT

BY:



ITS SECRETARY

ATTEST:

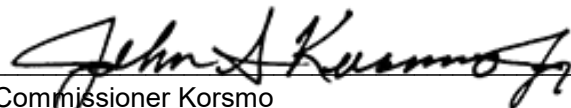
JLC – for Christie Butler

DISTRICT SECRETARY

LAKEWOOD WATER DISTRICT
2021
INCOME STATEMENT

JUNE	CUR MO ACTUAL	CUR MO BUDGET	CUR MO VARIANCE	Y-T-D ACTUAL	Y-T-D BUDGET	Y-T-D VARIANCE
SALE OF WATER	883,760	892,646	(8,886)	4,003,569	3,926,880	76,688
OTHER OPERATING REVENUE	131,087	128,364	2,723	567,370	677,142	(109,771)
WHOLESALE WATER SALES	381,644	377,722	3,922	2,192,451	2,233,664	(41,213)
TOTAL OPERATING REVENUE	1,396,491	1,398,732	(2,241)	6,763,390	6,837,686	(74,296)
OPERATING EXPENSE						
PUMPING	74,526	102,336	(27,810)	483,175	567,288	(84,113)
WATER TREATMENT	24,775	36,782	(12,007)	192,512	220,693	(28,181)
TRANSMISSION & DISTRIBUTION	89,071	94,847	(5,776)	530,205	569,083	(38,878)
CUSTOMER ACCOUNTS	57,435	63,555	(6,120)	362,627	381,330	(18,703)
CUSTOMER INFORMATION	620	1,572	(952)	1,985	9,432	(7,447)
ADMINISTRATIVE & GENERAL	220,675	196,690	23,985	1,271,900	1,212,140	59,761
TOTAL OPERATING EXPENSE	467,102	495,782	(28,680)	2,842,405	2,959,965	(117,560)
MAINTENANCE EXPENSE						
SOURCE OF SUPPLY	1,736	2,067	(331)	11,073	12,400	(1,326)
PUMPING	21,431	21,405	26	115,880	128,430	(12,550)
WATER TREATMENT	13,289	14,383	(1,094)	55,573	86,298	(30,725)
TRANSMISSION & DISTRIBUTION	72,492	85,482	(12,990)	503,502	512,893	(9,391)
ADMINISTRATIVE & GENERAL	9,881	19,840	(9,959)	167,230	119,043	48,188
SUB-TOTAL	118,830	143,177	(24,348)	853,258	859,063	(5,804)
DEPRECIATION EXPENSE	226,083	226,083	(0)	1,356,498	1,356,500	(2)
UTILITY EXCISE TAXES	35,406	27,593	7,813	210,143	207,998	2,145
TOTAL MAINTENANCE EXPENSE	380,318	396,853	(16,535)	2,419,899	2,423,561	(3,661)
TOTAL OPERATING & MAINT EXPENSE	847,420	892,635	(45,215)	5,262,304	5,383,526	(121,222)
NET OPERATING REVENUE	549,071	506,097	42,974	1,501,086	1,454,160	46,925
GAIN (LOSS) ON DISP. OF PROPERTY	-	-	-	37,405	-	37,405
RENTAL OR LEASE INCOME	487	1,350	(863)	4,512	8,100	(3,588)
INTEREST INCOME	-	1,160	(1,160)	5,034	6,960	(1,926)
INTEREST L-T DEBT	(165,534)	(164,694)	(840)	(993,203)	(988,162)	(5,041)
DEBT ISSUANCE COSTS	-	-	-	-	-	-
TOTAL MISC INCOME/EXPENSE	(165,047)	(162,184)	(2,864)	(946,253)	(973,102)	26,849
NET INCOME	384,024	343,913	40,111	554,832	481,058	73,774

We, the undersigned Board of Commissioners of the Lakewood Water District
Pierce County, Washington, do hereby certify that the merchandise or services
hereinafter specified have been received and checks numbering 43875 through
43976 and all electronic payments for this period are hereby approved for payment in the sum of
\$927,342.52 this 15th day of July 2021


Commissioner Korsmo


Commissioner Barton


Commissioner Rediske


General Manager

Check no.	Vendor Name	Payment Description	Amount
43875	Cintas Fire Protection	Quarterly Fire Protection Monitoring- Multiple Sites	1,446.28
43876	Core & Main (HD Supply)	(23) Insta-Tite Adapters (8) Insta-Tite Connectors	1,146.81
43877	Fastenal Company	Locate Paint, Gloves, Wipes, WD-40, Hydration Packets	542.30
43878	Water Management Labs Inc	(13) Total Coliform Tests	247.00
43879	Airgas Usa LLC	Acetylene Rental	17.03
43880	Alan Haywood	Tree Removal Inspection/Assessment	406.25
43881	American Landscape Svc, LLC	June 2021 Landscaping Svcs	6,261.00
43882	Associated Petroleum (APP)	(500) Gallons Unleaded Fuel	1,667.46
43883	Bailey & Sons Spraying Inc	Insect & Disease Control - Trees & Shrubs	781.76
43884	Builders Exch Of Washington	Publish Online Projects - Job# 758, 780, & 803	423.80
43885	Caselle	July 2021 Contract Support & Maint	2,487.04
43886	Cintas Corporation #461	06/09/21 Weekly Service	182.27
43887	Consolidated Supply Co	Inventory - Stock Items	11,208.79
43888	Day Wireless Systems	Misprint - VOID	-
43889	Doxvault	Misprint - VOID	-
43890	Eurofins Eaton Analytical, LLC	May 2021 PFAS Sampling - Job# 694	6,600.00
43891	Grainger Inc	(2) Solenoid Valves, (12) Brass Spring Check Valves	503.75
43892	Holroyd Co Inc	(20) Yards Crushed Rock	541.81
43893	Jordan Daulbaugh	Uniform Reimbursement	242.43
43894	K and D Services	Flagging Services - 5712 79Th St Sw	966.00
43895	Lakewood Hardware & Paint	Flare Nuts, (2) Chain Saw Sharpenings, Grease	78.11
43896	Lemay Waste Connections	May 2021 Disposal and Shredding	800.88
43897	McClatchy Company LLC	Tacoma News Tribune - Publice Notice Job #803 & #780	3,377.54
43898	Parametrix	Eng Svcs - May 2021 WTME - Pac Hwy To S Tac Way	13,185.75
43899	Pierce County Auditor	Satisfaction Of Lien	39.00
43900	Pro Call Center	May 2021 After Hrs On-Call Svcs	199.44
43901	Pro Pest Control	June 2021 Refilled Bait Stations	103.31
43902	Pro-Vac	Old Country Buffet - Pot Holing - Main Break	2,138.65
43903	Rainier Supply	Misc Connectors/Conduit/Pvc/Pvc Box	624.81
43904	S&B Inc	Misprint - VOID	-
43905	Scarsella Bros Inc	Job# 737 - Retainage Release - R&R 32nd Ave	40,911.43
43906	Staples Business Advantage	Chair Mat, Febreeze, Soap, Paper Bowls, Jet Dry	115.17
43907	Superior Saw & Supply Inc	Misprint - VOID	-
43908	Utilities Underground	Misprint - VOID	-
43909	Verizon Wireless	May 2021 Scada Chgs	1,015.68
43910	Water Management Labs Inc	(7) Nitrate Nitrogen, (19) Total Coliform Test	1,201.00
43911	AWWA - Member Renewal	Marshall Meyer & Kevin Wyckoff	274.00
43912	Brooks, Bob T	Uniform Reimbursement - Boots	342.68
43913	Centurylink	Internet Srv - 2 Sites	182.90
43914	Cintas Corporation #461	06/16/21 Weekly Service	182.27
43915	Day Wireless Systems	Misprint - VOID	-
43916	Dept Of Health	N-3 Well Construction/Source Approval	3,498.00
43917	Doxvault	Misprint - VOID	-
43918	Fedex Office	Shipping Costs - Consolidated Press	20.48
43919	Ferguson Enterprises LLC	500 Ft Water Level Indicator	791.99
43920	Guardian Security Systems	CCTV Install - 2 Sites	20,308.27
43921	Les Schwab Tire Center	New Front Tire Backhoe 410J	390.02
43922	Marten Law	May 2021 PFAS Treatment	42,427.00
43923	Murray,Smith & Assoc. Inc	May 2021 Hydraulic Modeling On-Call	3,307.50
43924	Ogden Murphy Wallace, PLLC	May 2021 Advisory & Triangle Pump Dispute	2,734.20
43925	Owen Equipment	Weekly Vactor Truck Rental	5,292.73
43926	Pacific Groundwater Group	May 2021 G-3 Scotts/P-2 Well Site, R-2 Well	3,307.50
43927	Parkland Light & Water Company	Utility Services - 1 Site	6,299.92

43928	Pierce County Auditor	Easement For Water Utilities - 9721 40Th Ave Sw	39.00
43929	Pitney Bowes - Postage	USPS Qtrly Meter Rental Chgs	171.44
43930	Puget Sound Energy	May 2021 Wholesale - 17504 Ave E Pump/Puyallup	14.37
43931	Pumpstech Inc	Replace Pump & Motor - D-2 Grav Lk Dr (Emergency)	145,232.85
43932	Rainier Supply	Zip Ties, Tablet Headrest/Light Bulbs	126.77
43933	S&B Inc	Misprint - VOID	-
43934	Seattle Ace LLC	(40) Fasteners	4.75
43935	Staples Business Advantage	(1) Box Black Ink Joy Pens	32.83
43936	Superior Saw & Supply Inc	Misprint - VOID	-
43937	Utilities Underground	Misprint - VOID	-
43938	Water Management Labs Inc	Iron/Manganese Test	50.00
43939	Mooses Auto Tech	(3) Oil Change, (5) Tire Mounting	4,694.96
43940	Associated Petroleum (APP)	(450) Gallons Unleaded Fuel	1,485.29
43941	Asphalt Patch Systems Inc	Patching/Saw Cutting - 6112 100Th St	6,096.28
43942	Automatic Funds Transfer	UPS Charges (Feb-May 2021)	533.75
43943	Bosma, Samuel	Uniform Reimbursement - Pants	90.03
43944	Capital Heating and Cooling	Additional Electrical for A/C Install	6,679.72
43945	Center Electric Inc	Cornell Pump - Maint & Repair	2,385.16
43946	CenturyLink	Internet Srv - 6 Sites	512.92
43947	Cintas Corporation #461	06/23/21 Weekly Service	182.27
43948	Cintas Fire Protection	Oakbrook Alarm Repair/Batteries	1,233.88
43949	Clayton, Erik	Cares Funding Erik Clayton - Acct# 19654.02	520.49
43950	Consolidated Supply Co	(7) Corp Stops, (9) Angle Stops	2,095.99
43951	Core & Main (H D Supply)	6 Inch Stem	412.13
43952	Fastenal Company	Clear Marking Paint For Parking Lot	89.55
43953	Ferguson Enterprises LLC	1/2 Inch Pvc Corp Stop	283.71
43954	Ferguson Waterworks	(60) Pit Lid Housing, (2) 1.5 Meters	2,812.98
43955	Grainger Inc	(10) Coin Cell Batteries, (7) Sleeves, (7) AC Units	6,285.56
43956	Gutermann	Repair Zonescan 820 Logger - Leak Detection	216.00
43957	Hach Company Inc	(6) Re-Agent Chlorine Dispensers	586.44
43958	Inslee Best Doezie & Ryder PS	May 2021 Attorney Serv. - Gen., West State, Scotts GAC	4,718.00
43959	Lakewood Hardware & Paint	Portable Fan	39.55
43960	Pierce County Auditor	Easement For Water Utilities - 9721 40Th Ave Sw	172.50
43961	Promark	2021 Annual Uniform Order	4,201.64
43962	Puget Sound Energy	June 2021 10201 Hemlock St	1,218.69
43963	Rae, Alexander	Uniform Reimbursement - Pants	114.28
43964	S&B Inc	Yard Well Pre-Lube	250.57
43965	Sitts & Hill Engineers Inc	108Th St Well Site Lot, 112Th St Survey	8,322.17
43966	Town Of Steilacoom	Utility Services - 2 Sites	9,499.03
43967	UPS	Shipping Cost to Guterman Inc	22.18
43968	Water Management Labs Inc	(38) Total Coliform Test	808.00
43969	American Family Life Assurance	July Payroll	474.25
43970	Committee For Deferred Comp	July Payroll	8,995.32
43971	Delta Dental Of Washington	July Payroll	4,257.05
43972	Lakewood Water District	July Payroll	350.00
43973	Michael G. Malaier, Trustee	July Payroll	1,650.00
43974	Principal Life Insurance Co-Gr	July Payroll	2,873.80
43975	Washington Public Employees	July Payroll	61,193.12
43976	Washington State Support	July Payroll	391.00

Sub-Total

481,242.28

June Payroll

197,249.06

June Payroll Taxes

75,678.48

Other Electronic Payment

Date

6/15/2020	Pmt #436 - Sir Speedy	1,802.57
6/17/2021	Pmt #437 - Craig Gibson Consulting	1,350.00
6/17/2021	Pmt #438 - RH2 Engineering	40,056.15
6/17/2021	Pmt #439 - Sir Speedy	3,072.32
6/29/2021	Pmt #440 - Sir Speedy	1,471.80
7/1/2021	Pmt #441 - Craig Gibson Consulting	315.00
7/1/2021	Pmt #442 - RH2 Engineering	18,877.42
7/1/2021	Pmt #443 - Sir Speedy	1,095.63
7/7/2021	Pmt #444 - Regence Blue Shield	61,650.35

B&O Tax

35,405.76

Merchant fees (JUNE)

5,463.69

Authnet Gateway (JUNE)
Xpress Bill Pay Portal Fee (JUN)

17.95
2,594.06 173,172.70

GRAND TOTAL

927,342.52



Board of Commissioners Meeting



Wholesale Revenue Allocation

July 15, 2021



Agenda

Background

- Historical rate setting

Future use of funds alternatives

Next Steps



Historical Approach to Revenue & Rates

- **Historically, the District's vision towards rates was to “maintain the lowest rates in the Puget Sound area”**
- **Pre-2014 pipe R&R program: all revenues (retail / wholesale) were combined**
 - » Combined or “General” revenues paid for operating, capital and wholesale expenses
 - Easy to track and administer
 - Allowed for smoothing of rates pressure to a minimum
 - Difficult to directly align cost with revenue collection



Historical Approach To Revenue (continued)

- **2014-2019: revenues separate between General (retail / wholesale) and R&R**
 - » General revenues paid for general operating, general capital and wholesale expenses
 - » R&R revenues paid for R&R expenses
 - Increased tracking requirements
 - Reduced rate flexibility between combined General and R&R
 - Increased alignment between cost type and revenue type
- **2020-2021 current rate setting:**
 - » Following the 2014-2019 revenue distribution model
 - General revenues paid for general operating, general capital and wholesale expenses
 - R&R revenues paid for R&R expenses
- **2022 and thereafter: today's focus**
 - » As the capital replacements needs are growing (tanks / supply) how should we track / use wholesale revenues in the future?



Historical Rate Planning

Description	Rate Study Planning Estimates									
	2011	2014	2015	2016	2017	2018	2019	2020	2021	
Rate Revenue										
General	\$ 4,848,000	\$ 4,603,000	\$ 5,210,000	\$ 5,315,000	\$ 6,092,000	\$ 6,211,000	\$ 6,413,000	\$ 7,002,000	\$ 6,511,000	
R&R	-	2,299,000	2,310,000	2,392,000	2,861,000	2,867,000	2,941,000	3,098,000	3,106,000	
Wholesale Revenue (w. Steilacoom)	658,000	620,000	739,000	739,000	921,000	966,000	952,000	4,761,000	4,922,000	
Non Rate Revenue	404,000	526,000	536,000	610,000	650,000	691,000	779,000	848,000	783,000	
Total Revenue	\$ 5,910,000	\$ 8,048,000	\$ 8,795,000	\$ 9,056,000	\$ 10,524,000	\$ 10,735,000	\$ 11,085,000	\$ 15,709,000	\$ 15,322,000	
O&M	\$ 4,176,000	\$ 4,144,000	\$ 4,964,000	\$ 5,228,000	\$ 5,565,000	\$ 6,027,000	\$ 6,732,000	\$ 6,908,000	\$ 7,197,000	
Existing Debt (Total)	1,757,000	1,545,000	1,980,000	1,976,000	1,758,000	2,180,000	2,117,000	3,315,000	3,623,000	
New Debt (Total Estimate)	-	-	-	-	578,000	-	483,000	-	499,000	
Total Operating Expenses	\$ 5,933,000	\$ 5,689,000	\$ 6,944,000	\$ 7,204,000	\$ 7,901,000	\$ 8,207,000	\$ 9,332,000	\$ 10,223,000	\$ 11,319,000	
Net Surplus (Deficiency) for Capital	\$ (23,000)	\$ 2,359,000	\$ 1,851,000	\$ 1,852,000	\$ 2,623,000	\$ 2,528,000	\$ 1,753,000	\$ 5,486,000	\$ 4,003,000	
Annual Avg. Capital										
General	2,275,000	2,433,000	1,034,000	2,896,000	3,225,000	3,909,000	5,409,000	7,563,000	6,409,000	
R&R	-	3,389,000	3,189,000	3,635,000	3,928,000	3,942,000	4,361,000	4,529,000	4,510,000	
Wholesale	-	-	-	-	-	-	3,809,000	-	-	
Annual Avg. New Debt Projection	\$ -	\$ 2,980,000	\$ 1,170,000	\$ 3,340,000	\$ 3,340,000	\$ 2,880,000	\$ 8,460,000	\$ 3,740,000	\$ 6,180,000	
General	-	1,220,000	880,000	940,000	940,000	980,000	1,560,000	1,340,000	1,480,000	
R&R	-	1,760,000	290,000	2,400,000	2,400,000	1,900,000	2,800,000	2,400,000	4,700,000	
Wholesale	-	-	-	-	-	-	4,100,000	-	-	
Net Avg. Ann. Surplus (Deficiency)	\$ (2,275,000)	\$ (2,842,000)	\$ (3,053,000)	\$ (3,191,000)	\$ (3,813,000)	\$ (4,971,000)	\$ (5,119,000)	\$ (8,352,000)	\$ (4,739,000)	
Combined Planning Surplus (Deficiency)										
Combined Planning Surplus (Deficiency)	\$ (2,298,000)	\$ (483,000)	\$ (1,202,000)	\$ (1,339,000)	\$ (1,190,000)	\$ (2,443,000)	\$ (3,366,000)	\$ (2,866,000)	\$ (736,000)	

Note: Combined Planning Deficiency to be funded through Reserves, GFCs, CIAC and other sources.



2021 Comparison (w. & w/o Wholesale)

Operating (Budget Year)	2021 Rate Planning		
	w. Wholesale	w/o Wholesale	\$ Difference
Rate Revenue			
General	\$ 6,511,000	\$ 6,511,000	\$ -
R&R	3,106,000	3,106,000	-
Wholesale Revenue (w. Steilacoom)	4,922,000	-	(4,922,000)
Non Rate Revenue	783,000	783,000	-
Total Revenue	\$ 15,322,000	\$ 10,400,000	\$ (4,922,000)
O&M	\$ 7,197,000	\$ 6,697,000	\$ (500,000)
Existing Debt (Total)	3,623,000	2,401,000	(1,222,000)
New Debt (Total Estimate)	499,000	499,000	-
Total Operating Expenses	\$ 11,319,000	\$ 9,597,000	\$ (1,722,000)
Net Surplus (Deficiency) for Capital	\$ 4,003,000	\$ 803,000	\$ (3,200,000)
Annual Avg. Capital	\$ 10,919,000	\$ 10,183,000	\$ (736,000)
General	6,409,000	5,673,000	(736,000)
R&R	4,510,000	4,510,000	-
Wholesale	-	-	-
Annual Avg. New Debt Projection	\$ 6,180,000	\$ 6,180,000	\$ -
General	1,480,000	1,480,000	-
R&R	4,700,000	4,700,000	-
Wholesale	-	-	-
Net Avg. Ann. Surplus (Deficiency)	\$ (4,739,000)	\$ (4,003,000)	\$ 736,000
Combined Planning Surplus (Deficiency)	\$ (736,000)	\$ (3,200,000)	\$ (2,464,000)

Note: Combined Planning Deficiency to be funded through Reserves, GFCs, CIAC and other sources.

- Isolating wholesale revenues from General in the 2021 would increase the deficiency
- Additional rate increases would have been necessary

2021 Planning Figures Only



Rate Alternatives

- **Alternative 1: business as usual**
 - » All “net wholesale” revenue used for all non-R&R costs
- **Alternative 2: no “net wholesale” revenue in general rates**
 - » No “net wholesale” revenue; saved for future capital needs
- **Alternative 3: partial “net wholesale” revenue in general rates**
 - » 50% of funds used for general rates
 - » 25% saved for future tank improvements
 - » 25% saved for future source / supply improvements



Alternative 1: Business as Usual

Description	Alternative 1 Business as Usual				
	2021	2022	2023	2024	2025
Weighted Avg. Annual Increase	0.00%	3.63%	3.66%	3.68%	3.71%
General	0.00%	2.50%	2.50%	2.50%	2.50%
R&R	0.00%	6.00%	6.00%	6.00%	6.00%

- **Includes changes since November**
 - » Grant funding for
 - GAC: \$5.6 million
 - Seismic improvements: \$2.0 million FEMA grant
- **Includes “net wholesale” revenue**
 - » \$2.3 million average per year



Alternative 2: No Wholesale In General

Description	Alternative 2 No Wholesale In General				
	2021	2022	2023	2024	2025
Weighted Avg. Annual Increase	0.00%	22.25%	5.10%	5.10%	5.11%
General	0.00%	30.00%	4.75%	4.75%	4.75%
R&R	0.00%	6.00%	6.00%	6.00%	6.00%

- **Includes changes since November**

- » Grant funding for

- GAC: \$5.6 million

- Seismic improvements: \$2.0 million FEMA grant

- **No “net wholesale” revenue included**

- » Approximately \$11.50 in reserves built up over a 5-year period for future spending



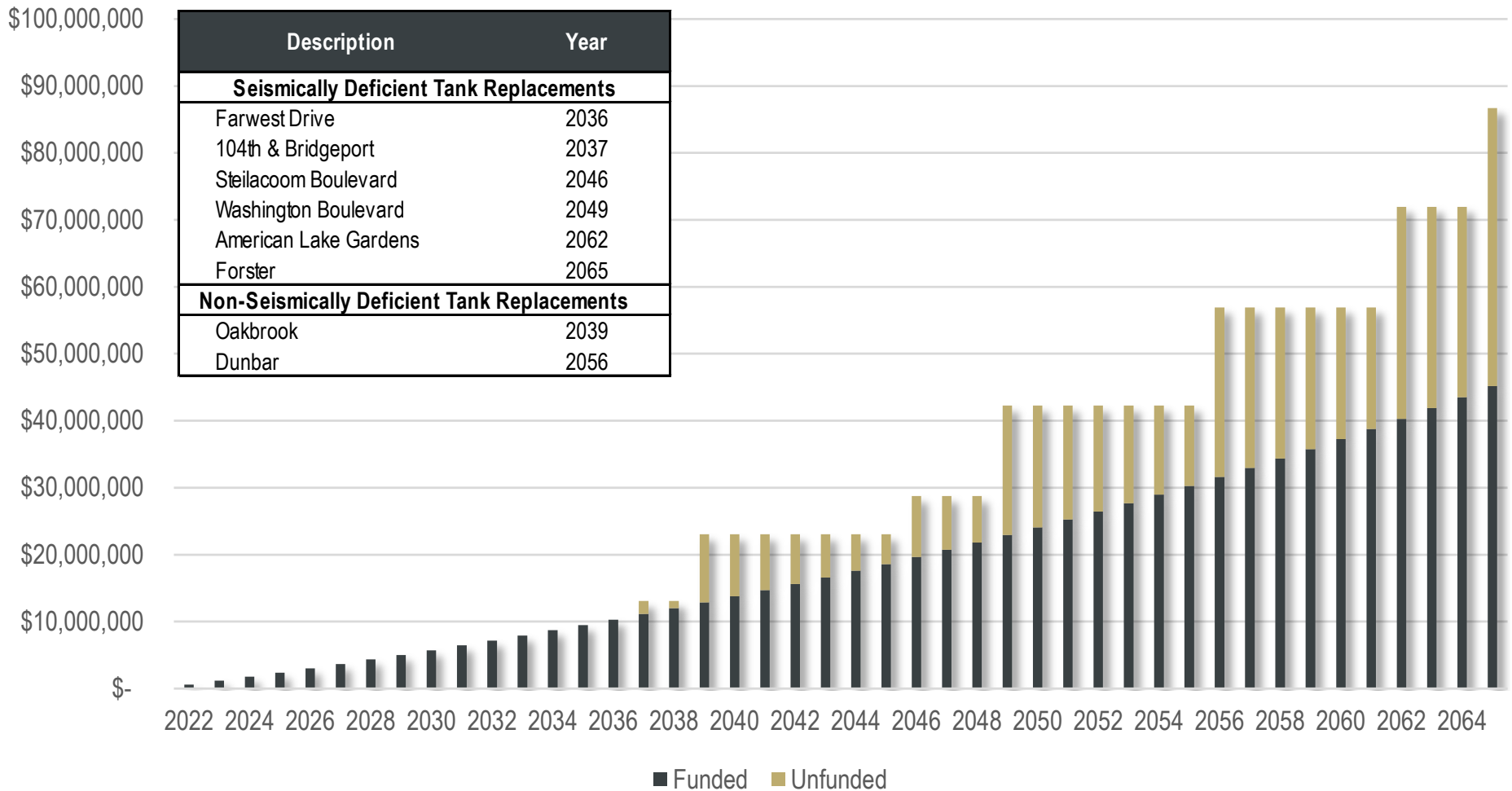
Alternative 3: Partial Wholesale In General

Description	Alternative 3 Partial Wholesale In General				
	2021	2022	2023	2024	2025
Weighted Avg. Annual Increase	0.00%	6.51%	6.51%	6.51%	6.51%
General	0.00%	6.75%	6.75%	6.75%	6.75%
R&R	0.00%	6.00%	6.00%	6.00%	6.00%

- **Includes changes since November**
 - » Grant funding for
 - GAC: \$5.6 million
 - Seismic improvements: \$2.0 million FEMA grant
- **Partial net wholesale revenue included**
 - » 50% of revenue towards general
 - » 25% of revenue towards future tank improvements
 - Approximately \$2.86 million over a 5-year period
 - » 25% of revenue towards future source / supply improvements
 - Approximately \$2.86 million over a 5-year period

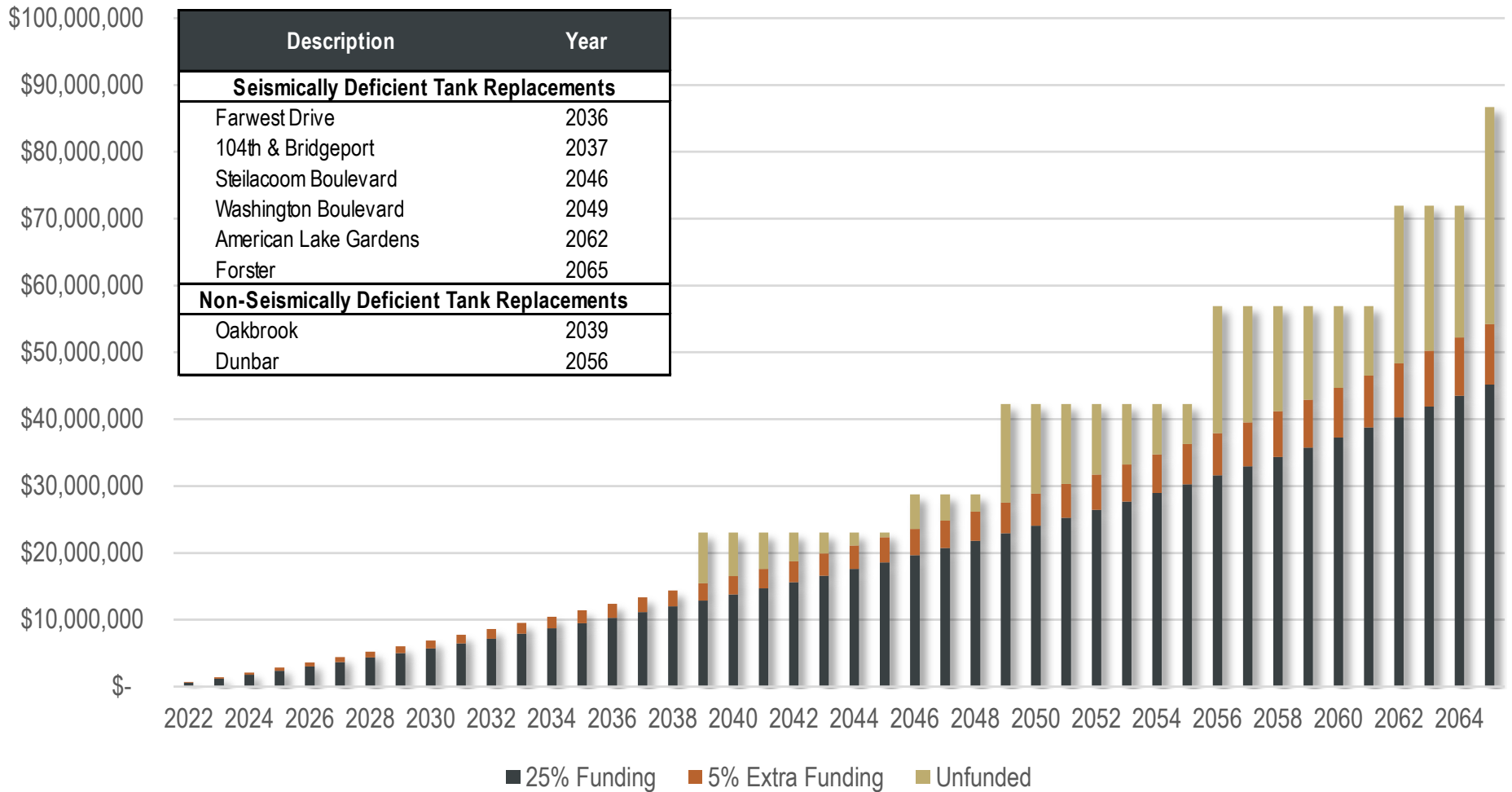


Future Tank Needs – 25% Net Wholesale





Future Tank Needs – 30% Net Wholesale





Summary

- **Direction / feedback**

- » Continue business as usual?
 - All “net wholesale” revenue part of general revenue
 - Minimize and smooth out overall rate impacts
- » Redirect wholesale net revenue towards
 - 50% to general rates
 - 25% to future tank improvements
 - 25% to future source / supply improvements
- » Other?

Thank you!

Questions?

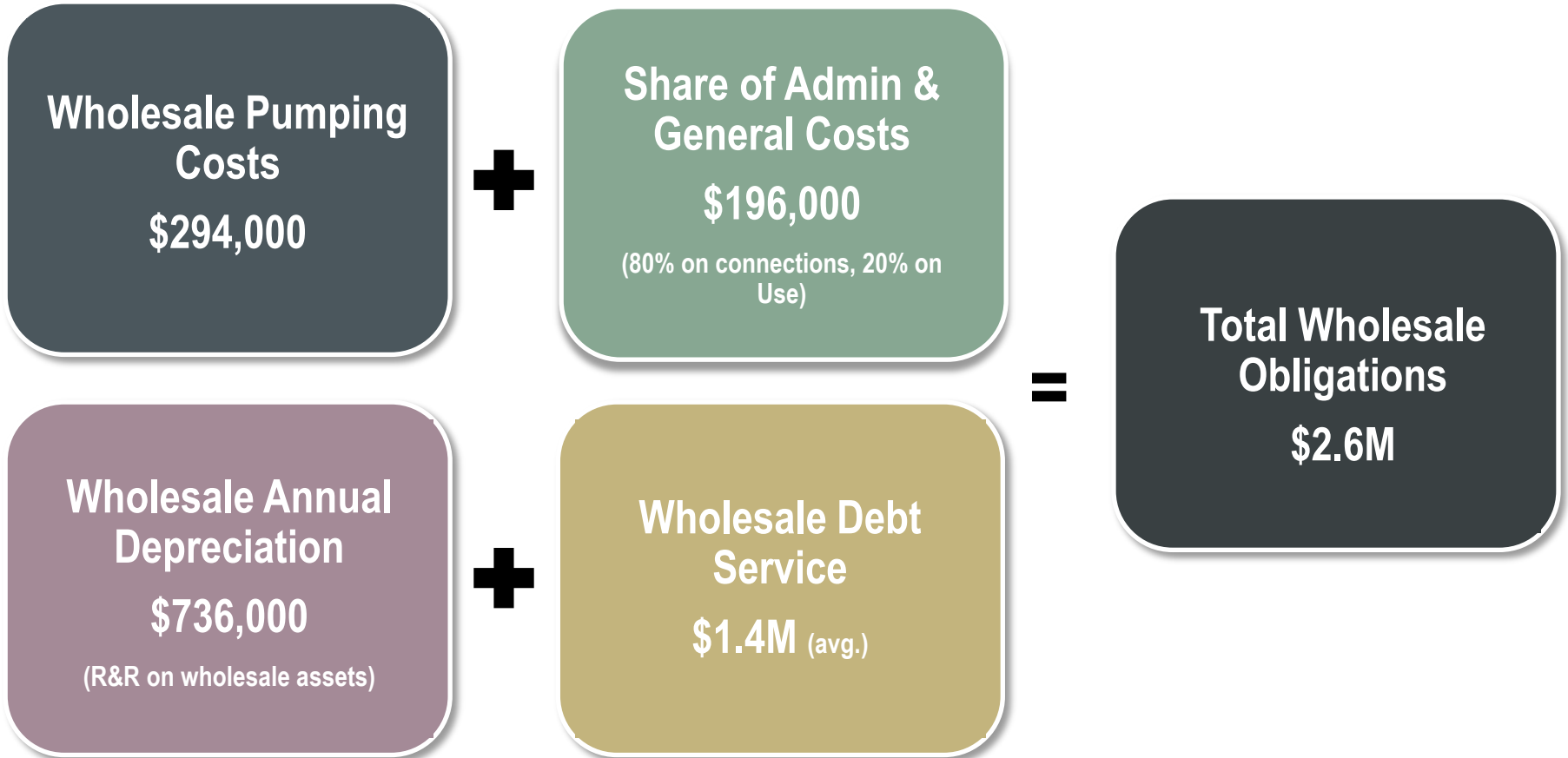
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Wholesale Obligations



Net cash flow (wholesale revenue less obligations) = \$2.3M annually on average

Multi-Year Average Planning Figures Only

OPERATIONS MANAGER'S REPORT

June 2021

Presented July 15th, 2021

OPERATIONS

Work ORDERS Lucy and PM's – Lucy Add in Cassell

251 Billing/Office Field Service Orders
00 Fleet Service Orders
109 Field Service Orders Pumping and Storage
318 Total Service Orders

DELINQUENT ACCOUNTS – Teri Please Note No Turn Offs Governors Orders

Delinquent Accounts
Paid on Door Hangers or on Disconnect
Services Disconnected
Paid on Disconnect
Remained Disconnected at the end of the month

LOCATES- Debbie

384 Locate Requests Received
25 Requests were out of LWD Service Area
21 Locates were submitted by LWD
4 Cancelled Locates
355 Locates Completed
334 Total amounts owed

BACKFLOW- Shaun J.

423 Assemblies Tested
15 New Applications
00 New Installations Shaun
00 Assemblies Replaced – Shaun
18 Repairs- Shaun
00 Removals –Shaun
4615 Existing installations permitted - Shaun
438 Test Reports Completed & Entered - Shaun

Right of Way Permit: 2

6/9/21	14509 Union Ave SW	Install new service
6/25/21	9209 Winona Ave SW	Install new service

Water Availability Letters: 12

6/2/2021	JENSEN DESIGN ARCHITECTS	5831 LAKEWOOD TOWNE CENTER	C/REMODEL	4002240010
6/3/2021	PIERRE MALEBRANCHE	6125 88TH ST SW	R/NEW CONST	220352118
6/7/2021	CHARLIE VAN LOON	7609 64TH AVE W	R/REMODEL	7325000110
6/15/2021	GARY LETZRING	6330 111TH ST SW	C/SHORT PLAT	219023005
6/16/2021	RONALD IRWIN	11412 GRAVELLY LK DR SW	R/SHORT PLAT	219101021
6/16/2021	YASMIN MIRALES	8012 TACOMA WAY S	C/RENOVATION	2000201270
6/18/2021	INDIRA SOUTHALL	10709/10711 105TH ST CT SW	R/SHORT PLAT	219057006
6/21/2021	GALE HUSS	8311 112TH ST SW	R/RENOVATION	5900000470
6/23/2021	ZACHARY BARTON	10402 DOUGLAD DR SW	R/REMODEL	2335201030
6/24/2021	BRUCE BODINE	6120 STEILACOOM BLVD SW	R/ADDITION	5130000330
6/28/2021	LAKWOOD WATER DISTRICT	11900 GRAVELLY LK DR SW	C/NEW CONST	4285001401
6/29/2021	JAMES GUERRERO	10111 LK STEILACOOM DR SW	R/NEW CONST	4725000960

MAINTENANCE

Bobby Gaskin – Department Head

NEW SERVICES:

3- 1" X 1" Services @ 14509 Union Ave SW

1 – 1" x 5/8" @ 8622 68th Ave Ct. SW Windom Oak

MAINS MAINTENANCE

None to report this month

JOBS

I-5 Woodbrook water main relocation completed

IPT Phase II water main completed

3,524' 12" water main

215' 6" water main

10 – Fire Hydrant

22 – control valves

Service Maintenance

Upgraded service from 5/8" meter to 1" meter @ 8901 Bridgeport Way 7-11 project

VALVE MAINT.

151 Valve exercised

VALVE OPERATION CHECKS

None to report this month

VALVE REPAIRS

None to report this month.

Hydrant Repairs

1HV09 @ 82nd ST S knocked over hit by vehicle no damage report

18H07 Broken stem @ 5000 Steilacoom Blvd Fire Dept Training Facility

69HV09 @ 150th ST SW raised 18" due the grade change on IPT Phase II Project

Rebuild Hydrants

None to Report This Month

Hydrant Drainage

7HV26 @ 42 Thunderbird Parkway

93HV08 @ 9920 109th Ave SW

53HV19 @ 12528 Glenwood Ave SW

53HV05 @ 5907 122nd St SW

31HV01 @ 102nd Ave & 110th St Ct

Hydrant Replacement:

None to report this month.

METER MAINT.

None to Report This Month

Flushing Season:

Completed the Annual Flushing programs in May.

LEAK DETECTION REPAIR

None to report this month

GROUND MAINT.

LAYDOWN YARD CLEANUP / PUMP SITE CLEANUP

CITY FRANCHISE PROJECTS

None to report this month

OPEN METER BOX CHECKS

None to report this month

Pumping Department Report June 2021

- General Maintenance activities.
- General Cl2 maintenance activities.
- Filtration facilities maintenance
- Monthly sampling complete
- Monthly Lake and Stream monitoring complete.
- R-2 Well drilling awarded to Holt services.
- G-3 Well project moving forward.
 - G-3 pump and motor ready to be installed.
 - ATEC filtration system ordered.
 - GAC system bid awarded to TIGG.
 - Carbon filter material ordered from Calgon Carbon.
 - Chlorine generator delivered.
 - Chlorine pumps delivered.
 - Potassium permanganate pump ordered.
 - Potassium permanganate mixer delivered.
- Hazard Mitigation Grants
 - RH2 Engineers have submitted 80% specs for review on Generator Grant.
 - Second quarter reporting for both grants complete.
 - Steilacoom Blvd. specs being reviewed.
- Scotts G-1 replacement pump and motor ready for install after summer season.
- Yard Well D-3 pump and motor replaced and lowered to 240'.
- Washington Blvd. tank back online after interior and exterior painting, new high security vent, and new cathodic protection.
- New card reader security door locks at View Road and the headquarters installed by Guardian Security.

CAPITAL & R & R PROJECTS Ian / Marshall

Deleted all but Dec of 2020 for space purposes: 12-1-2020 It looks like the Gravelly Lake Project might possibly start a month or two late. We had received conflicting information with respect to the phasing of the project, so I got off the phone with the City Engineer and he has told me the project is expected to last up to 15 months, but the additional timeframe is to get the Light Poles and the like installed in his mind all the water work would be complete in 2021. Work continues designing Phases 2-4 of 39th, The Front Street Project, and Gravelly Lake Drive. We will be selecting consultants to design the 112th Project, and the Steilacoom Lake

Drive Project after the first of the year. 1-7-21 Work continues on the design for Gravelly Lake, and 39th, we have design finished for 108th Street Crossings and are actively seeking installation pricing at this time. Front Street Design is at 60% or better as is 39th and Gravelly so we anticipate these projects starting to bid in February time frames. 2-3-21 Work continues on the designs for Gravelly Lake Drive Project and Phase 2-3 of 39th Ave. We are working with BMC on 40th to try to obtain an easement as the utilities are so tight in the street. We are also working with the Clover Park School District to get an easement through the school property between Early and 100th. This will be a large project at 5000 feet. Design work continues on the Scotts Filtration project as well, the Iron and Manganese has been bid, the GAC vessels and Media was put out to bid on the 3rd with opening set on the 16th. 3-1-21 We have selected Consultants for the upcoming '22 projects: RH2 will continue with Phase 4 of 39th which will take the 20 from Scotts to Mont Grove, Parametrix will finish Front Street for Construction in '22, Murray Smith will be designing the second Phase of Steilacoom Lake Drive for '22, and we are asking David Evans (formerly CHS) and Parametrix to give us scope and budget on 112th street upsizing main to 24" on either side of I-5. 4-5-21 we have selected Parametrix to design the 112th Street Project, they built the project leading up to where we are at and have the time to get this project pounded out and ready for bid after the 1st of the year in 2022. 5-5-21 We are waiting on the scope and budget from Murray Smith on Lake Steilacoom Dr. phase 2 project, Parametrix is working on 112th, and Front Street is at 90% design and holding until next fall. 6-9-21 Same this month we are waiting for submissions of preliminary plans for both Steilacoom and 112th. 39th phase 4 is at 60% plans so that will be no issue getting out late this year for next years work. **7-6-21 No change this Month**

PFOA PFOS – WSDOH requirements and District operational considerations:

Earlier Report removed for Space considerations 1-7-21 Design for the filtration system at Scott is well underway we have made comment on the 60% design, and we are nearly ready to put out the pre-purchase bids for the GAC and the media, the Iron and Manganese filtration was awarded to ATEC systems. We anticipate a bid for the construction of the project in March. 2-3-21 The Design continues for the Buildings and site work for the GAC treatment and the Iron and manganese. The Materials to be pre-purchased have been ordered, or are in bidding process, we are pre-purchasing the ATEC system Iron and Manganese Filtration, the Chlorine Generator and Metering Pumps, the SCADA controls and the GAC vessels and the Media for the GAC filtration facility. We are anticipating arrival late April for the ATEC system and Mid-October for the GAC vessels. I-3 has had elevated levels of PFOS/PFOA we have retested and are awaiting the results for verification, if results are over the LHA level set by the EPA we will have to take this well offline this reduces our available water by 650 Gallons a minute or just under 1 million gallons a day loss. This is a more difficult decision if this is offline, the volume would not likely justify a GAC treatment facility so other ways of recovering that loss would have to be considered. LWD has planned for eventualities like this. We are

looking into the alternatives: which may include transferring water rights to a different well, re-drilling a well elsewhere, or taking this well deeper to get it out of the Shallow aquifers, or oversizing pumps and motors elsewhere to recoup this production. 3-1-21 All of the long lead time items have been ordered, and we are finalizing the Specs and plan for the construction of this work. We are anticipating putting this work out in Late March approving it at the April Board BOC meeting for construction in May. 4-5-21 We are awaiting another round of testing to confirm, but we are looking at having to potentially permanently shut down I-3 well we found out of the blue in a January sample high test result, we pulled another sample to verify in March but are waiting for the results and if it too was high, we will have to shut the well down. This is not a huge producer, but still accounts for 600-700 gallons a minute or roughly 930,000 gallons a day. Were this to be the case and the well test above the EPA's LHAL we be compelled to shut it down until treatment could be installed or another source could be put online to replace its volumes. 5-5-21 We are still waiting on the results of I-3 test results we ran a second sample and pulled it from a different point to see if that made any difference in the results. It appears that the State SAL has been moved in to 2022, but still something we need to be concerned with as we see additional wells increase and or exceed this new level, there is talk that the EPA will set an MCL for PFAS this would for the state to do the same, and it would help define the problem and force the action as opposed to having to make the decision on our own. And would help us greatly in the lawsuit if we are still unresolved at that time. 6-9-21 No change to this report I-3 is off until a solution has been established, whether that is a new well or treatment is being considered at this time. We are in hope to have a direction prior to starting the annual budget process. **7-6-21 I-3 remains at relatively high level of 130 PPT combined, this well posed a different set of concerns than H-1, H-2, G-1, and G-2 as this is not as high a producing well so GAC would be much Smaller, but here too we could drill another deeper well potentially and get to water lower than the C aquifer and A aquifer that to date are the only ones with PFAS contamination. The deeper the well though the higher likelihood of getting Iron and Manganese in the well and requiring addition treatment for that.**

Wholesale Transmission Main Extension Project: (701-705)

Prior Year removed in order to reduce the length of the report: 2020

1-7-21 all the contractor issue on the job have been worked out and the project is conditionally accepted, the only remaining issue ion the project is some warranty costs on the Pumps and motors supplied by Triangle pump. This item has been turned over to the district's attorney. Triangle has mounted some resistance to our billing for all the costs of the warranty work including pulling and replacing the pumps and transporting them to the Triangle Shop for work. 2-3-21 We have put the vendor on notice Triangle Pump that they owe us for the costs

to pull and transport the pumps and motors. We have notified them of the Approximately \$30,000.00. We have had our attorney contact theirs to try to resolve this, but this may go to Arbitration. 3-1-21 This is the final loose end for the Wholesale Project, we have sent a letter requesting Arbitration if they do not want to settle this. Athan from Ogden Murphey has sent the final letter requesting settlement of Arbitration. 4-5-21 We have crafted the complaint and are preparing to submit the complaint; we have not only included the \$29,000 and change due for the cost to remove haul and replace the pumps and motors but have also include the lost Wholesale revenue as part of the claim pushing our overall complaint request to over \$260,000. 5-5-21 Triangle Pump came back with a counter of 15,000 which is about ½ of the total we spent removing and reinstalling the pumps, but completely ignores the last revenue. **6-9-21 a settlement has been reached and this issue is completed, the additional lost revenues were not actually a result of Triangles pump issues.**

WSDOT Washington and Berkley & union and North Thorne Project (Job 742)

Prior Year removed in order to reduce the length of the report: 2020

1-7-21 We met with the design build team a few weeks ago to discuss an option they were proposing for the Murray Roadside, and after we had come up with an acceptable plan for the water and sewer work required by the project, they decided they would propose we keep all of our facilities in place, which leaves Pierce county and LWD in a bind as the roundabouts built over them will make repairs or replacements extremely costly and time consuming. We objected heavily and told them we were not prepared to allow that option to take place especially after we had all spent months getting the design to meet all our need's prior. We were not prepared to scrap that design and allow them to save some money. The contractor was obviously not pleased with our reply, and WSDOT was supportive of our position. 2-3-21 We still have a great deal of work to be completed in this area, the discussion of who is responsible continues, but for now we will focus on the work to be completed. At present the work at Washington and Berkley has been completed, but work on The North Thorn Side remains unfinished, we will need their contractor to install the balance of the 500-600 feet of main and make the connection at North Thorne, so this loop is completely functional again. All the work remains unfinished on the Murray Roadside of the project. Some issue has come up after we agreed to a plan to finish the work, and we are not sure of where the project sits at this moment. But we have told the contractor and WSDOT that now that there is a Traffic round in place, and the area now falls into an exclusionary zone, with WSDOT this means that we would not e able to access this without additional permits, making maintenance considerably more difficult. The plan we had agreed to would have moved our facilities out and away so that we could maintain them at will, it appears now that the contractor has some capability in costs for this move now, and thus the request for us not to move the facilities. We have respectfully declined and asked that the facilities be relocated as agreed upon. 3-1-21

We have approved materials for the work to continue so we anticipate that this balance of the waterline improvements is going in soon. This project is supposed to be complete later this summer, so we know it can't drag on much longer. We will then have the task of finalizing and fighting over who is responsible for these costs incurred. As you recall when this started a couple of years ago, they were thinking we would pay for all waterline relocation costs, we disagreed and then we moved forward with the idea that this issue would be solved at a later point. My guess is that this latter point is getting close. We feel comfortable with our position, and we are not the only one stating the same position to the AG as Pierce county and the Sewer lines are being affected similarly, but as you are all aware there is never a guarantee in a legal proceeding. 4-5-21 we have been notified that KLB Atkins civil contractor will begin the final phases of the waterline work starting the 21st of April, with the Berkley area then moving to the North Thorne area followed by the work at Murray Road it would appear that we are back on for the re-routing of the main to avoid the Security Area for WSDOT. 5-5-21 this work is nearing a close with work competing at Washington and Berkley, and well as North Thorne. The placement of the new casing went in this last Saturday, and all that remains is the connection of the main from the I-5 Crossing to the next casing and pipe and the completion of the main to 46th Street. **6-9-21 completing of the water portion of this project is imminent we are hoping to have this work completed and back in service by the end of next week. This has proven to be quite a challenge.**

Gravelly Lake Dr SW Washington to Nyanza (748): City of Lakewood JBLM North Access

Prior Year removed in order to reduce the length of the report: 2020

1-7-21 Plans are at or near the 60% mark we will review them once received and turn them around quickly. We are anticipating the City to put this out to bid in February for an April start time frame. 2-3-21 This project is in the final design stages, LWD has submitted their final 100% drawings to the City for inclusion in their plans, we are waiting for the City to Advertise and award this contract. Recall please that we are working with the City this saves us a great deal of restoration and mobilization and traffic control costs. We are anticipating this work starting for LWD's portion in April and to have the water line completed by the end of the year '21. 3-1-21 This project is out for bid and will be opened on the 2nd of this month at 2:00 pm this will let us know who we are going to be working with. Award will not happen until the council meeting later in the month. 4-5-21 R.L Alia was awarded the project, they are working on schedule but have told us they will not start until late in May, they have also told us that they will be starting at the Nyanza end of the project and working their way back to Washington and Gravelly. They will not be doing the Washington portion of the project until 2022 so we will only build about 75% of the water main portion of this project the balance will carry over in to 2022, this means that we have additional funds available for some of the other

projects we have coming online like the Scott's Filtration facilities, the Steel Shop building, or 39th Ave Phase 2-3. 5-5-21 RL Alia has yet to start this work it looks as of now that the first week in June is the new Start date, as we had mentioned earlier this means that the project completion is likely to be in 2022 which means we will have to carry over the unfinished balance into the following year. 6-9-21 RL Alia has begun work on this project they have been installing water main from the near the intersection at Gravelly and Pacific Hwy back to the Gravelly and Nyanza intersection. This work is required to be completed so that they can divert traffic from Gravelly around Nyanza Road this detour is expected to occur on the 21st of June from that point forward the road will be closed to through traffic. Our GIS tech has generated a map for alternate routes for our workers. It is anticipated that work will continue in phases through the end of the year with some break for winter weather and restart at the Washington Gravelly intersection in March of '22 and completing before June, but for the street lights these need to have the bases in and the bolt pattern surveyed for each base so that the elevation and the arm length for each can be designed and built this can take 15-20 weeks and thus the 18Months on the city contract although the largest portion of the work will have been completed for some time. Just as what played out on the previous Gravelly Lake project. **7-6-21 Alia has put in enough water to reroute the traffic over to the permanent detour around Nyanza. We anticipate a couple weeks before they start laying main again from the Traffic round at Nyanza top the north-west heading towards the Country Club.**

39th AVE Steilacoom to 96th (749):

Prior Year removed in order to reduce the length of the report: 2020

12-1-2020 The Contractor is doing well this project has turned out to be a bit more challenging than any of us had expected. The Secondary power is not something that the power company locates it appears, so the contractor has found these drops on several occasions slowing the installation down each time. Despite the difficulties they will be pressure testing the main from Steilacoom over to South Tacoma way via 94 this week. And starting on 39th Ave Court as soon as the pressures and purities come back for the portion that is completed. 1-7-21 This has been a tough project we have encountered a significant amount of un-located utilities. These have cost the contractor and we anticipate some change orders will need to be written to address these uncontrolled issues. We will be complete with the Tie in and services by next Wednesday and be waiting for weather suitable for the restoration work, and final paving. Pape and sons have done a great job as usual and have worked well with us to get this project completed. 2-3-21 This project has been completed the Final paving and punch lists have been finished. Pape and sons did a great job again for us, and we look forward to working with them again very soon. **6-9-21 this project is complete and just pending L&I approval.**

39th AVE Phase 2 and 3 Job# 780:

12-1-2020 RH2 engineers are hard at work designing the next phases of this project, we are designing this project in phases such that if the money is insufficient to build it all that we can parse out portions of the work and keep moving. We have Asked RH2 to design the crossing at Halcyon as well as this work will need to be complete before the Scotts Site contractor will be on board. This work must be completed as the City is planning on a grind and overlay project from Pacific Highway to Bridgeport and we would need this in place by April. 2-3-21 Design continues this project as we mentioned in the engineering portion of this report, we are working on easements with Clover Park School District as well as BMC. These will both greatly assist the project; it was not until after the utilities were marked that the density of the other utilities in the area were revealed. 3-1-21 We have been working with the Clover Creek School District on an easement and we have just sent in what we hope to be the final draft to the District. We are optimistic we can obtain this easement, we have similar optimism with BMC we have worked around most of their concerns and are awaiting word back from their real estate department, as BMC was very recently purchased. Again, we are optimistic that this will come through soon. We are looking at a similar start time for this as with Scotts' and Gravelly lake Drive, which will make for a very busy summer. 4-5-21 we have worked through our issues with the Schools district, and all is moving ahead as planned we are hopefully finishing up the BMC easement this week then we can finish the plans and get this project out on the street for bid very soon. We are optimistic that with funds freeing up from another project that we will be able to get this project completed through 108th street, with only the 4th phase remaining for 2022. 5-5-21 we have resolved the issue with the school district as well as the easement with BMC so we have submitted the permits, and are finalizing the design with the Cities comments. We anticipate this going out to bid in late May, much later than we had expected, but we did run in to some significant delays, do to easement and permits. **6-9-21 This project was put out to bid, and Miles Resources was determined to be low bidder, the supply of the material remains to be the issue with this and any other projects we put out this summer, we have been working with vendors and suppliers to get this project underway, our primary goal is to get the work in front of the school completed. We have a temporary construction easement that expires on 12/31/21 which is 25' wide giving us more room to work, and a permanent 20' Easement. 7-6-21 Miles Resources was low bid on this project, they started work mobilizing in on the 29th. Their schedule has them finishing in December, but we are hoping it will go faster than that. They are working back from the Early Learning Center in order to make sure they don't interfere with school business in September. Once they hit 100th Street they will be on nights until they tie in at 39th this was one of the agreements we made to get the ROW through BMC, this easement saved us from having to replace the main through this section in place requiring high lines to the customers as we would have had to put the new main in where the old line is currently. This is a target rich environment with utilities everywhere.**

Front Street / 96th Main Improvements: Job#: 781

Parametrix is currently designing this project, we don't anticipate building this project unless the City Project Runs long and we need something else to do. This project will most likely go out for bid in 2022. 2-3-21 This project is hovering at about 90% design, we have suspended the design at this point as this work will likely not occur until 2022, early in 2022 or late 2021 we will finish the design make any changes and put it out to add early in 2022. 3-1-21 Parametrix is still in a bit of w holding pattern waiting to finalize the designs for this project, but now we know we will be moving ahead with this in '22 we will get then to complete the 90% and then hold until later into November December to Bid the work for an early start in '22. 4-5-21 Parametrix has completed the design through 90% and we are looking to shelve it for the next several months and bid it right after the first of the year. This is one of the last projects that was on the old list of projects for improving flow to the Wholesale Transmission Main. We are engaged with Murray Smith to do some additional modeling to make sure nothing has changed and that we are still on track for the take schedule we have in place. The big potential change to this is the Spanaway Connection, if they choose to take the 2 million gallons a day that will accelerate our take schedule but over a decade and we will need to be able to produce consistently 7.5 million gallons a day and beyond. **6-9-21 This project is ready to go out to bid, we will refresh the frontend specs and put this out near the end of the year for construction in early 2022.**

Scott well site GAC and Iron and Manganese Treatment # 757, # 758, and #778

1-7-21 The Iron and Manganese filtration for the G-3 well has been ordered ATEC systems was low on the supply bid. We just sent notice of Award out yesterday. We anticipate these will arrive in May for immediate installation. 2-3-21 Design is well past the 60% design milestone and we are closing I on the 90% mark, we have started ordering the owner supplied materials: Iron and manganese filter, chlorine generator, and MCC panels for the SCADA. We are anticipating that this will bid in March with G-3 work starting in earnest on April 1st, this may require so special effort to push the permits through the city. 3-1-21 All of the long lead time items have been ordered, and we are finalizing the Specs and plan for the construction of this work. We are anticipating putting this work out in Late March approving it at the April Board BOC meeting for construction in May. 4-5-21 design is nearing completion, the project report has been submitted to DOH, and the permits have been applied for with the City of Lakewood. We are looking at building optional projects on site to maximize the effectiveness

of the site and match the Grant funding that we will have available. We are anticipating this to be between 5.3 and 5.7 million depending on which package is adopted by the legislators. **5-5-21** This project as with many others has experienced a significant number of delays in engineering, and well as permitting issues, this project in particular with the boundary line adjustment required to build on both pieces of the lots. We have design at 90% and finishing the specials this and eye towards letting this the 15th of May. **6-10-21** This project is out for bid at present with opening set for Friday the 18th of June. We had the job walk through yesterday and had 9 contractors present. We did receive the Grant funding for the GAC system this we are hoping will cover most if not all of the costs of the GAC system. The project costs for GAC and G-3 Treatment is expected to go to 7.5 million. **7-6-21 the project was let, and Ceccanti construction was low, we had some initial concerns but based on the reference calls we recognize that they have done similar work all be it longer than the 5 years ago we targeted in the paperwork, the consultant didn't put our most updated language for experience in and we missed that in review, so our language didn't prohibit them from bidding. We were however pleased with the price at \$5.4 million for both G-3 and the GAC system, this will allow for the District to cover any potential changes required, and allow for some of the design elements that we were hoping to get in but pulled in an effort to make sure we came in at a number we could afford. Please recall that this project received 5.4 million in grant funding which has greatly improved the district position moving forward as much of this would have been borne by the rate payers had the State not come through with this help.**

Spanaway Spur Project – WTME connection # 777

9-23-20 we have determined and scope and budget, and have put RH2 under contract for the design, and Sitt's Hill under contract for the surveying on the project. We have also sent out letter to the property owners that we are hoping to get easements from we have sent them out Return Receipt such that we can minimize any delays if we need to utilize the legal system and condemnation to acquire the easements. We are optimistic that these property owners will work with us as each of them have several easements already through their properties. 12-1-2020 the Initial design Survey has been completed and design has started first looking for the best route then drawing it up. Once we know where we want to go, we can engage the property owners and attempt to secure easements. This may turn out to be the most difficult part of the project. 2-3-21 We have potential alignment figured out, and we are working to finalize the points of connection. We presented this information to the partners at the last quarterly meeting in January. We have been told that Spanaway's bent is to have this online taking water January 1, 2023 so we have some time to spare on this project. 3-1-21 RH2

continues to work on the alignment of this project, they have proposed that we sit down with Pierce county and discuss the potential moratorium on Brookdale Road and the paving of it. Peirce county has clarified that moratorium would remain until November of '22. This would push us to get operational by 1/1/23. So, we are hoping that we can get some consideration on this issue. 4-5-21 We have met with Spanaway Water and they are very interested in purchasing the final 1 million gallons a day this will sell out the capacity of the Wholesale Main. We are working with them to show them the pricing and the effects of using the more volume of water vs paying the fix rate and not utilizing the volume to offset it. 5-5-21 and interesting development Spanaway not only wants the 2 million, but they would like another if we can get it. This throws a whole set of complications at the wholesale the first and foremost can we ever do it? If so, how much more, and lastly how much capital would we need to spend in order to do this? We have asked RH2 to look into the possibility of this and what it would take to make this happen. 6-14-21 we are continuing to work with the other utilities trying to utilize some of the existing utilities easements instead of using more of the property owners land, we had a meeting on Thursday with TPU and that went well, but there is still some resistance to agree to the use of this property. We are looking into the opportunity to acquire easement from some of the other property owners and then go down 42nd Ave this would get us back down to Brookdale if the pipeline corridor is not available. This would be more expensive and would increase the length of the project but would present the only option if the pipeline corridor is not available. **7-6-21 we are working on getting updated Right of Entry forms to the residents along the alignment, and once that has occurred, we will be potholing the fiber along the alignment and about ten sites in the Brookdale ROW to find fiber, and the Tacoma A/C main. Based on the lukewarm reception we got from Tacoma Public Utilities we are also researching an alternate route and have reached out to several additional property owners to test the waters of an easement through their properties as an option.**

FEMA Grants: Seismic Upgrades to Steilacoom Tank, Seismic adaptors and generators:

We have been selected for not one but two FEMA Grants we have placed our capital contribution for each on the capital budget. The Seismic Knuckle and Generator grant is \$930,000 dollars and the Seismic Tank upgrades are \$1,300,000.00. This means for \$330,000 we will get to build \$2.23 Million in Projects. We have 14 months from the award to completion, we will be licking off design this week with RH2 engineers they helped us through the application process and preliminary design. This adds another \$2.0 million in project to this already large capital year pushing us over \$17 million. 2-3-21 The two projects are currently being designed, we will put the generator and seismic knuckle project out as soon as

we finish the design with an expectation that we would build this over the summer. The seismic upgrade to Steilacoom Tank will have to wait for the peak of season to go by, the design work will be done and awaiting the end of the busy season in September. 3-1-21 we are working on the design portion of these Grants RH2 engineering has been moving ahead quickly and we await the 60% drawings for comments then the opportunity to move forward with permits and the like while preparing this work for bid. 4-5-21 No real update here still designing the projects. 5-5-21 We have 75% drawings for the generator and the seismic knuckle project. With work continuing the Steilacoom tank seismic upgrades. **6-14-21 Marshall and Don are spearheading these programs, we have 60% drawings for the seismic retrofit of the Steilacoom tank, and the upgrades to the knuckles and the generator are out for bid. 7-6-21 Work continues on the engineering side of these projects we have asked for an extension as the iron for the tank could be a long lead time item, as with the generators for the tank sites.**