



Regular Meeting Board of Commissioners
Thursday, November 17, 2022 - 3:30PM
In Person and Via Teams
Pre-Agenda

1. Call to Order
2. Attendance
3. Public Comment
4. Approval of Regular Meeting Minutes from [October 11, 2022](#) & [October 20, 2022](#)
5. [Finance Manager's Report \(October 2022\)](#)
 - a. [Board Approval of Payables](#)
6. [2023 Draft Budget Presentation](#)
7. General Manager's Report
8. [Operations Manager's Report](#)
9. [Engineering Manager's Report](#)
10. [Information Technology Manager's Report](#)
 - a. [Resolution #B-1476 Cross Connection Control Program](#)
11. [Human Resource's Manager Report](#)
12. Other Business
 - a. Acknowledgment of Employee Wages Increases (*None for November*)
 - b. Philip Mendoza accepted in the AWWA Leadership Program
 - c. Commissioner Barton WASWD update
 - d. Next Commissioners Meeting December 15, 2022
13. Public Comment
14. Adjourn



**LAKEWOOD WATER DISTRICT
BOARD OF COMMISSIONERS
Minutes of Special Budget Study Meeting
October 11, 2022
Boardroom & Via Microsoft Teams**

1. CALL MEETING TO ORDER:

President Korsmo called the Regular Meeting to order at 8:30 AM.

Commissioner Korsmo thanked the staff for all their hard work on the budget workshops and how impressed he is with how the system has become more efficient and organized over the past few years. There is a lot of work to look forward not only to 2023 but the next five years.

He was very proud of the dedication ceremony last week, and we should be very proud of the work that the District does. Commissioner Barton seconded what Commissioner Korsmo shared about the District.

2. ATTENDANCE

Present at the meeting: Commissioners John Korsmo, Greg Rediske, and Gary Barton; Randall M. Black, General Manager; Jeri-Lynn Clark, Administrative Assistant; Marshall Meyer, Engineering Manager; Philip Mendoza, Finance Manager; Briana Levo, Human Resources Manager; Bobby Gaskin, Operations & Maintenance Department Head; Ian Black, Operations Manager; Don Stanley, Pumping and Water Treatment Department Head. *Online*: Christian Fast, IT Manager; Teri MacDougall, Office Manager; Carrie Bledsoe, Accounting Specialist; Michelle Kohler, Accounting Specialist.

3. PUBLIC COMMENT

None.

4. STAFF INTRODUCTIONS

Staff introduced themselves and their position titles.

5. 2022 BUDGET AND ACCOMPLISHMENTS

General Manager Black shared that half of the year still had effects of COVID-19, and we did not see many changes coming out of it until around May or June of this year. We had to shut down four wells to comply with SAL levels; there was no impact on service levels, but it did impact our flushing program.

There was a decline in revenue in 2022 and retail consumption over the past few years. The District did have an increase in wholesale, which helped offset the loss of revenue on the retail side. We did not fill three vacant positions over the past year and will continue that next year.

a. Pumping Department

Engineering Manager Meyer shared that we have done well over the past year, starting work on all the anticipated and budgeted projects in 2022. The exception and the only project that we were not able to accomplish was the FEMA Seismic Emergency Generator due to the bids coming in higher than anticipated. We were able to get more funding from FEMA for that project. The seismic retrofit for the Steilacoom Blvd. tank exterior painting should be completed today. We were able to install several new well pumps and motors. COVID, medical and paternity leave this past year left the pumping department down one person; despite these challenges, the staff has done a fantastic job keeping things running smoothly. With the four wells down, it demonstrated the value of having highly qualified staff. They were able to adjust and come up with different ways to see how the system responded in the North system to keep the water flowing to customers.

Pumping & Operations, Mr. Stanley shared the following updates:

In an average year, we typically would plan on replacing one to two wells a year and usually a placeholder for two emergencies of replacement of pump and motors; this year, we did nine. We had a pump and motor replacement at 88th Pine Booster 2. Staff is sampling PFAS regularly to track when we need to replace the media in the GAC systems; Ponders media will need to be replaced in 2024. We added HVAC to a couple of well sites to help keep the pumps cool during the day, and they turn off in the evening once the temperatures outside are cooler. Installed an additional wholesale pump at the Steilacoom Well, will need to have three of the four pumps running all time to produce the additional 2 mgd, and we will not need to rely on 88th and Pine as much. We will need a new chlorine generator for the P-1/P-2; the last one ran its 15-year cycle, and we installed a larger chlorine generator to feed both the R-1/R-2 wells simultaneously.

Engineering Manager Meyer shared that the R-2 well was one of the larger capital projects this year, and Holt Services is finishing drilling that well. The other project is the Abitibi Well investigation which should be completed this year, with the results available next year.

b. Construction and Operations

The staffing issues were paramount this past year, with two positions not being filled. This year, there seemed to be more impacts than in the past two years due to outbreaks and having staff quarantine from exposure. We had a few medical and paternity leaves throughout the year as well. During those times, the staff did a great job keeping things running.

Mr. B. Gaskin shared one of the main goals was to focus on training the newer staff on mains, hydrants, and pumping. Woodland Estates project included the installation of 800 ft of water main and 12 individual connection services. With the Austin Court water main project, they were both learning opportunities for the newer staff. The Pumping department trained staff on the new pumping programs. We were able to do 668 valve maintenance operations checks. Over the past few years, the fire departments performed hydrant checks and shared a list of needed repairs. Staff was able to repair 95 out of 186 minor repairs (packing leaks, missing O-rings, etc.); all hydrants were in operation, and none were out of commission. Staff performed open box checks to ensure there were no leaks, and they would mark near the meter box for easy locating, and staff completed 1,795 open box checks. The District installed 30 new services. District staff inspected 20-

30 contractor projects. The City of Lakewood had a lot of projects that caused us to move our utilities, which caused us to stop our projects to accommodate their projects.

Operations Manager I. Black shared that a training program was designed for water workers (WUW) to keep staff moving their career paths forward in the District. An example is moving from WUW1 to WUW2 and WUW2 to WUW3. This was a great collaboration to make this training available to staff.

Commissioner Korsmo shared that water districts are moving towards not flushing water out on the street, is the District looking towards doing something like this? I. Black shared that there are machines out there that start at \$500k-\$800k and are too expensive at this time for the District. It makes more sense for states like California, which have a strict water ban. Commissioner Korsmo would like to have a notice placed in the newsletter or in the annual report to let the community know that we would like to conserve water, but it is something we need to do.

c. Office and IT Update

Office Manager T. MacDougall shared a few updates from the past year, such as the new carpet in the boardroom, EOC room, and her office. The No Tenant Proposal went well this year, and the customer service department is down one staff member due to the promotion of Carrie Bledsoe to Accounting Specialist. The customer service department has been working well as a team with the vacancy and has moved things around to keep things running smoothly.

IT Manager C. Fast continued emphasis on Cybersecurity. There have been no significant incidents, and continued education with staff by testing staff on spam emails. The pumping and inspection teams were switched from tablets to notebooks. We started the integration of the Elements XS work order management program. The inspection and field staff are using it for non-service-related work orders while the Elements and Caselle integration completes. Replaced all staff cell phones this year and added four new firewalls to the SCADA system.

d. Human Resources Update

Human Resources Manager B. Levo completed two job analysis time studies this year; this helps the District determine actual staffing needs and helps to keep the District lean. She anticipates the need for more of these analyses in the future. The other was an employee opinion survey. Due to the results, the senior leadership and supervisor groups put action plans into place to address some of the concerns from the survey and help correct some of the concerns brought forward.

Staff collaborated to make a comprehensive Water Utility Worker competency program that lays out the path from hire to Water Worker 3; it allows us to be transparent with the requirements to move from one level to the next. This helps eliminate that subjectivity that doesn't have a structure or supporting data. This new program has moved three field staff from WUW 1 to WUW 2.

General Manager Black shared how valuable the Comprehensive Water Utility Worker Competency program is to staff. Going forward, it has the data and information available for staff to know what they need to do to move forward in their careers. The two staff who

moved up from WUW 1 to WUW 2 were very appreciative of this program and helped outline what they needed for the promotion.

e. Capital Projects Update

Operations Manager I. Black provided the update for 2022 Capital projects. The theme was delay, delay, delay. It took longer to receive supplies than he had ever seen. It required some creative ideas to be able to move projects forward. Bidding out the supplies prior to bidding on the project to help eliminate project start delays.

2022 Capital Projects:

Operations & Construction

- Completed the original contract for Scotts Well site improvements. We are waiting to complete the rebuild of the Scotts G-1 building and migrate the equipment to the new building. The building will have a backup generator set to arrive in January 2023.
- Completed the District's new Steel Building Warehouse. Waiting for the final inspection and installation of the upper lights.
- Rebuilt the cedar fence around the side and back of the property.
- Completed 39th Ave Phase 4 – Halcyon to Pac Hwy. 1,375 LF of 20" DIP connecting our Scotts Facility to the entrance of the Wholesale line.
- Design bid and completed 112th St project connecting a 24" DIP to the Wholesale line and from I-5 West back to Pacific Hwy.
- Finished the design on Lake Steilacoom Dr. Phase 2 and went out to bid, with work starting in early December.
- Naomilawn went out to bid, and the project will start in November.
- Continued work with the City of Lakewood on the Gravelly Lake Dr/Washington Blvd to Nyanza with Alia.
- Started work with the City of Lakewood on the Washington Blvd/Edgewood to Interlaaken project.
- Started the design process for the Hipkins Road project.
- Secured the final easements for the Spanaway connection to the Wholesale Main Extension. Work will start mid-October and be completed by December 30th.
- Finished plans for Front Street and will go out to bid the first part of 2023.
- 100ft lower Philips Rd. – City of Lakewood project
- Austin Court – LWD project
- Woodland Estates – LWD project

Engineering & Pumping

- Emergency Generators and Seismic Improvements at Critical Well and Pump Station Sites – The generators current delivery date is August 2023.
- Evaluation of wells at Abitibi Mill Site
- Pump Station Reliability Improvements at 88th Street and Pine Ave
- Rehabilitate and Expand Capacity of P-2 Well at Steilacoom Boulevard
- Rehabilitate and Expand Capacity of S-2 Well at Angle Lane
- Scotts well site Treatment Facilities and G-3 Well and treatment
- Steilacoom Boulevard Tank Seismic Retrofits – 7 million pounds of concrete on the bottom of the tank to meet the new requirements.
- Rehabilitate P-1R Well at Steilacoom Boulevard

- R-2 Well at 112th Street
- Rehabilitate and Expand Capacity of F-2 Well at 104th Street and Bridgeport Way

***Break 9:26 AM – 9:34 AM**

6. GOALS AND OBJECTIVES FOR 2023 BUDGET

General Manager Black shared that the budget theme will be provided before the draft budget is presented to the board in November.

The six-year rate forecast in the 2022 budget called out a 6.68% rate increase for 2023. The board requested that we stay with the rate forecast and let staff know what we can and cannot do. The staff worked hard to keep those items in mind; there are some impacts to following those suggestions. The current trend is a decline in retail water consumption, which will be noted in 2023, and we will be able to make up some revenue with the wholesale water sales with the addition of Spanaway Water.

PFAS is a focus for the District and the four wells affected by the State SAL level. The pumping department is focusing on addressing PFAS. We are getting information on areas where we can apply for funds and applying for all funding options available. We are also considering new avenues to deal with lead and copper with the Safe Drinking Water Act from the Federal Government to address utilities after the lead issues that occurred in Flint, Michigan. We are trying to find funding for surveying for lead and copper.

We have built in the worst-case scenario; we moved \$1.5M from 2023 to 2024 to stay as close as possible to the 2022 budget forecast. The question is, what are the long-term funding options? We have used revenue bonds in the past and are looking at new options, including WIFIA funding options. Information on WIFIA will be shared at the October 20, 2022, meeting.

The overhead cost is the recovery of adequate expenses from administrative costs. The current overhead cost allocation amount is typically 10%; this year, we are asking for 5% instead of 10%. There are currently no laws that require a certain amount of overhead cost amounts to be in place.

a. Highlight Significant Changes That Affect the Budget

i. PFAS/PFOS – 5-Year Mitigation Plan

Mr. Meyer shared that the PFAS response strategy is to replace the four wells that have been turned off this year. Next year will start our program in earnest, which we will work on in 2023. The new wells will be drilled at K-3 and G-4 sites; the design and permitting process have already started from the allocated Federal funding we have already received, and the well drilling on those sites will start in 2023. We will have replacement wells at I-3, O-2 & O-3, and we will begin designing them in 2023. We have already submitted six grant applications and are planning to submit six more grants. You will not see the full funding amount in the 2023 budget since they will be multi-year projects. The costs for the projects without grant funding will range from \$12M-\$16M depending on if they will need iron and manganese treatments.

Last year we budgeted that we'll need to replace the media at the G-4 well in 2023, but after reviewing/sampling the GAC Media, we are finding we are getting more life out of the media, and we will be able to replace it in late 2024 instead of 2023. This will help offset some of the costs in the 2023 budget.

ii. Inflation

Finance Manager Mendoza updated the Commissioners on the impacts of inflation. As part of the budget process, finance staff calls all the contract vendors to see if there will be any rate increases for the following year. Generally, there is an average increase of a percent or two, but a few said they were planning up to a 7% increase this year. The District staff will do their due diligence and see if there are better prices or different options for the same services. The biggest challenge for this budget is how to minimize this effect and keep the level we do. We try to bargain for our ratepayers.

b. Overview of the 2023 District R&R Program and Operations Capital Budget

Operations Manager Black shared that 2023 will be a busy year with design and engineering with the 2023 R&R projects. He shared the following projects:

- Naomilawn – start in 2022, finish 2023
- Steilacoom Lake Dr. start in 2022, finish 2023
- Hipkins Rd (w/ City of Lakewood) will start 2023, finish 2024
- Front Street
- Ardmore Ave (w/ City of Lakewood) – canceled due to funding
- Steilacoom Lake Blvd. – 83rd to Whitman
- Design Expenses for 2024 R&R Capital projects
- Scotts Well site improvements – carryover from 2022 to 2023
- Lead Service Line Inventory (investigating for potential grant funding)
- Training for field staff
- Building and Yard Expenses Paving and Drainage
- Tools - Pipe racks, bldg. and yard maintenance, new backhoe, annual vehicle replacement (new contract opens 8/2023)*
- Ten-Year Master Plan for Office Facility
- Crane for Chlorine Truck
- Decals, Registration, Warning Lights
- Radio Uninstall and re-install (\$1,700 per) Three Each
- Dispose of Vehicles, Remove Decals Transfer Tools, Clean Hours Per at \$ 52.20 = \$313.30 per (Sandy)

*Request for new backhoe, due to the age of the current backhoes and one was down three weeks while being repaired. We were down to one backhoe (17 yrs. old), and that one sprung a hydraulic leak during a water main break repair. We even tried to rent a second backhoe for some of the projects, but they were unavailable. This puts a strain on the District of not being able to do projects or emergency repairs.

Commissioner Barton inquired if we have looked at used equipment, and Operations Manager Black shared that the price difference between a new and used one is around \$30k. The used machinery does not come with a warranty; we know nothing about it, and it could have 3k-4k hours on them.

c. Overview of 2023 Pumping Capital Budget

Engineering Manager Meyer shared the Pumping Capital categories: PFAS/PFOA Mitigation, Carryover Projects, Storage and Seismic Upgrades, and Source and Supply Projects.

PFOA/PFAS

- G-4 Well (New Well) - *Grant Funded*
- R-2 Well Equipping (New Well)
- R-2 Well Equipping - Carryover
- K-3 Well (New Well) - *Grant Funded*
- O-2 Well (Replacement Well)
- I-3 Well (Replacement Well)

Carryover Projects

- FEMA Seismic and Generators Upgrades
- Abitibi Well Evaluation
- Expand Capacity and Replace F-2 Well Pump/Motor
- Expand Capacity and Replace P-2 Well Pump/Motor

Storage & Seismic Upgrade

- Washington Blvd Seismic (Design)
- 104th & Bridgeport Seismic (Design)
- Vents at Oakbrook and Farwest
- Nyanza CP System
- ShakeMonitor Sensors

Source & Supply Project

- Replace Well Pumps and Motors/Main Breaks
- WBPS1 - Pump 1 Rebuild
- Inspect/Rehab E-3
- 104th & Bridgeport Generator
- Supply and Pump Structure Maintenance
- Source Meter Replacements (2/yr.)
- Motor Starter and Drive Rebuilds (4/yr.)

Treatment Projects

- Steilacoom Blvd BPS VFD
- Control Valve Maintenance (5/yr.)
- Camera Installation - 4 Sites (Bridgeport, Oakbrook, American Lake Gardens, 88th and Pine)
- Software - WinCC licenses (Segment S&B Network for Cybersecurity Purposes)
- SCADA Server Updates and Reliability Improvements
- ATEC Media Replacement at Deepwood and Angle
- Scotts site security/fencing
- Chlorine Generator Replacements (2/yr.)
- CL2 Sensor Replacement (4/yr.)
- Replace Cl2 Analyzer (4/yr.)

d. Overview of 2023 Office & Technology Capital Projects

- Update Office Network Cables
- Laptops, Computers, Firewalls, etc.
- Insurance renewals
- Office Chairs for office and admin staff
- Possible new proposal regarding utility shut-offs (potential mailing costs)

e. Five Year Capital

District staff always strive to stay within the 2022 five-year capital budget. The most significant change is moving some items planned for 2023 to 2024, 2025, etc. The budget presented is the worst-case scenario if we cannot get funding to address PFOA/PFAS.

Finance Manager Mendoza shared that PFOA/PFAS has had a significant impact on the budget and is the primary reason for moving capital projects around, and the impact will be felt for the next five years. Many capital projects are being deferred to the 2024 budget.

Engineering Manager Meyer & Operations Manager Black recapped many of the capital projects that will need to be completed throughout 2023-2028, which years the projects will be completed in, and specific programs, including the annual vehicle replacement, pumping, and operations R&R program budget.

d. 2023 O&M Budget Discussion

Finance Manager Mendoza shared information regarding the 2022 budget vs. 2022 forecast and how 2023 compares to the 2022 budget.

Revenue analysis shows a decline in water consumption resulting in a reduction in revenues since 2016. We are budgeting conservatively due to the decline. We will see an increase in water consumption in 2023 due to Spanaway Water receiving wholesale water. Additionally, IT Manager Fast was able to secure four new cell tower leases, which will help the budget.

Finance Manager Mendoza reviewed the increase in the expenditures from higher prices with salt, increase in electricity, valve operations, flushing, cross connection testing costs, locating costs, etc.

Commissioner Rediske inquired about sales, whether the lack of lawn watering seems to be the issue in the summer, and what our wholesale partners think the decrease in water sales means to them. General Manager Black shared they are having the same problems with water sales, some areas (HOA) require you to water your lawns, but most of their sales are from growth in the area.

Operations Manager Black shared that Lakewood's growth has a dwindling residential development due to more multi-family units being built than single-family homes. This effects water usage due to fewer lawns per capita.

General Manager Black shared that next year will be the 80th-anniversary celebration. He has tasked HR Manager Levo with leading a committee to work on changing the mission statement, organizational goals, and objectives. The District will host the 80th anniversary celebration on October 11, 2022.

Anniversary celebration in conjunction with the historical wall and meet the new general manager.

7. STAFFING

General Manager shared that we will be losing Sandy Rae at the end of 2023, and we are not planning on replacing his position but delegating it to the different department leads.

a. Staffing Recommendations

HR Manager Levo shared that District has decided not to fill the three vacant positions (1) in Customer Service and (2) in Operations and Maintenance.

8. WAGE AND BENEFITS PROPOSALS 2023

a. Projected Medical and Dental Benefit Renewals 1/1/23

Project medical and dental will be unknown until November. There are no plans to change the plans. In 2022 0.68% decrease in medical, 2021 6.29% increase and in 2020 3.9% increase.

b. CPI's, Projected Employee Wage Increase % of Peer

In 2022 the Commissioners adopted to use a consistent CPI-W June to June to determine cost of living. For this year, it is 9.54% with an annual merit of 0%-3% based on employee performance and eligibility. Staff at the max range are not eligible for the merit increase. General Manager's recommendation to the board is they adopt the 9.54% COLA and keep the 0-3% merit range.

General Manager recommends keeping up with our peers to retain and attract quality staff. These amounts are reflected in the budget.

Commissioner Rediske is impressed by the three non-hires show that innovations, technology, and training are working.

c. General Manager's Recommendations

General Manager Black commented there could be a lot of changes with the new General Manager coming on board next year, and with our focus on PFAS and the issues that come with fixing it, that wasn't expected. The 2023 budget is set up with the worst-case scenario, and he feels confident in this budget and builds in the unknowns to be prepared for anything.

General Manager Black would like to thank the staff for all their hard work on this budget and for taking on the additional work.

9. OPEN DISCUSSION AND COMMENTS

Commissioner Korsmo opened the floor up for any comments from the Commissioners.

Commissioner Korsmo shared that PFAS will hit us hard and would like to know how much we have spent on legal fees over the past few years; how the Federal government addresses it through funding it; and he is hoping to get grants that we don't have to pay back and not use revenue bonds. We are spending good money on legal fees; is there

any way we can ask the attorney if these are actual expenses? Is there something we can do to get them lowered?

General Manager Black speaks with the attorneys annually regarding what fees are necessary. He shared they watch all the PFAS cases and are getting a lot of information from discoveries and depositions that they wouldn't usually be able to access. We filed a lawsuit against the Federal government, and we are asking for \$372M over 52 years so that we will be able to recover those costs to help keep the rates low.

Commissioner Barton, if we win, we are not winning just for Lakewood Water District; we are winning for everyone and holding the Department of Defense accountable.

Operations Manager Black shared that the grants will help us with the infrastructure in the next five years and the lawsuit is for the long-term maintenance of those systems.

Commissioner Korsmo would like to see a calendar plan for hiring the new general manager. General Manager Black shared that he is working with Ms. Levo on the planning process. His last day will be November 16th, 2023, and he will use that day and work backward to create the plan.

Commissioner Korsmo shared that he is not a fan of the paying out accrued sick leave and vacation pay at the end of employment. That this should not be used as a retirement plan. He would like to see this changed for all future hires, all current employees would be grandfathered in.

Commissioner Rediske shared that it is more like a bonus, not a retirement plan. The amount of sick leave and vacation could be more of a use-or-lose program unless we change how we handle sick leave or vacation. He said that sick and vacation time have already been accounted for in the budget, so he doesn't see the issue when paying it out at the end.

Commissioner Barton agrees with putting funds away, so we do not have a large payout at the end when someone leaves.

General Manager Black and HR Manager Levo will bring a few different options to the board at a future meeting.

12. PUBLIC COMMENT

None.

13. ADJOURN

President Korsmo adjourned the meeting at 11:51 AM.

(Signature page follows)

**LAKWOOD WATER DISTRICT
BOARD OF COMMISSIONERS**

BY:

ITS PRESIDENT

BY:

ITS VICE PRESIDENT

BY:

ITS SECRETARY

BY:

DISTRICT SECRETARY (DATE)

DRAFT



**LAKESWOOD WATER DISTRICT
BOARD OF COMMISSIONERS
Minutes of Regular Meeting
October 20, 2022
Boardroom & Via Microsoft Teams**

1. CALL MEETING TO ORDER

President Korsmo called the Regular Meeting to order at 3:30 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, IT Manager C. Fast, and Administrative Assistant J. Clark.

3. PUBLIC COMMENT

None.

4. APPROVAL OF MEETING MINUTES FROM 9/15/22 REGULAR MEETING.

COMMISSIONER REDISKE MOVED TO APPROVE THE SEPTEMBER 15, 2022, SPECIAL MEETING, SECOND BY COMMISSIONER BARTON. MOTION PASSED UNANIMOUSLY.

5. BRIEFING FROM JEFF KRAY REGARDING JBLM LAWSUIT - *Executive Session RCW 42.30.110(I)*

At 3:42 PM, Commissioner Korsmo announced the Board of Commissioners would recess to Executive Session for the purpose of a briefing from Jeff Kray regarding JBLM lawsuit RCW 42.30.110(i) for approximately (27) minutes.

6. FINANCIAL INFORMATION

Philip Mendoza, Finance Manager, presented the September 2022 financials to the board. He shared that retail sales in September 2022 were 8.47% higher than budgeted and 7.60% lower YTD. Operating revenue is 8.45% higher than budgeted and 4.13% lower 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. Water Treatment operations are 37.01% under budget and 9.73% under budget YTD. Transmission and Distribution operations is 25.07% under budget and 12.27% under budget YTD. Total operating expense is 6.08% under budget and 4.69% under budget YTD.

a. Approval of Payables

Disbursements made from the General Ledger Fund for checks number 46659 through 46755 totaling \$464,803.15, salary direct deposits totaling \$188,908.00, payroll taxes totaling \$66,102.17, and other electronic payments totaling \$342,872.23 for a total of \$1,062,685.55 were presented to the Board for approval.

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

7. FUNDING OPTIONS – WIFIA (SERGEY – FCS GROUP)

General Manager shared some long-term financing options on revenue bonds and the WIFIA program. We reduced net revenue for 2023 due to our revenue being down; we were not able to capture the revenue increase due to lower retail sales. The staff has worked hard to hold the line and maintain a 7% increase. The budgets after 2023 will be more difficult to predict with all unknowns with the new wells; will we need to treat iron and manganese or install a GAC system? 2023 is about buying time to get to the answers to find out what level of funding we can get through grants.

Finance Manager Mendoza presented two scenarios for the board to consider.

Scenario 1: PFAS funded through revenue bonds only & Scenario 2: PFAS funded through both revenue bonds and WIFIA.

Scenario 1: Revenue bonds

- Significant changes in scenario 1 to accommodate a lower rate increase.
- Borrowing occurs every year as opposed to every two years; will put pressure on cash flow management as well as on staff with issuing bonds every year. This allows for the reduction of rates to 7% for 2023.
- 2023 results in significantly less borrowing and the District will need to figure out what to do for 2024's funding situation (whether it would be through grants, bonds, WIFIA, etc.) as soon as more information is available.

Scenario 2: Revenue bonds + WIFA.

- We would borrow about \$16M-\$17M to address the PFAS projects. The first payment wouldn't be until 2033. Funding would be through 2072. This would allow the District to maintain the 7% rate increase until 2026 it would go up to 7.25%.
- 2033 – 2072 would be higher rate increases

Caveats to WIFIA

- On \$16.9M of WIFIA debt, incurs \$5.3M more in interest expense across the length of the debt. (Scenario 1 vs. Scenario 2)
- The more WIFIA is used, the more interest expense increases
- Future rate increases will have to address the increased interest expense. That is, we will have to sustain an elevated increase in rates potentially through 2033.

Commissioner Korsmo inquired if WIFIA interest is higher than bond rates. Finance Manager Mendoza shared that WIFIA borrowing is a lot less in terms of interest expense, it is based on U.S. Treasury rates. The costs come from capitalizing interest expense. In order to defer until 2033, the amount of interest we would have to pay we would also have to borrow. The further you defer, the more you have to borrow. Commissioner Korsmo inquired if the District could pay it off like we do revenue bond debt. Finance Manager Mendoza indicated that was a more in-depth question we would need to follow up with WIFIA on.

General Manager Black shared that there are no prepayment penalties that he knows of, he will check to verify. Finance Manager Mendoza shared WIFIA requires \$20M minimum to borrow through EPA. General Manager Black, WIFIA would fund up to 49% of the project and the District would fund the balance. If you received future grants, you would not need to borrow additional money, it is like a line of credit, only use what you need.

Commissioner Barton would like to avoid capitalizing interest and shared it is not prudent to do so. He would like staff to verify if there are any prepayment penalties; he thinks that it would be a better outcome for long-term rates than capitalize the interest. Finance Manager Mendoza shared that the District doesn't typically capitalize interest in our revenue bonds; this is to defer rate increases.

Commissioner Rediske inquired why we are looking at WIFIA when we have had the financial ability to get bonds in the past; this doesn't fit our philosophy. General Manager Black shared that it allows you to defer a lower payment before you have to start making payments. WIFIA allows you to have money that you control how and when you start paying it back and how you can reduce that payment with other funding coming in. He shared we have time before we need to make this decision to see if we can get funding for the projects from grants. Finance Manager Mendoza said one of the biggest advantages is not having that significant spike in rate increases. If you don't use WIFIA, we will need to raise the rates to make the payments. WIFIA will be a gradual rate increase rather than a significant increase (see chart below).

Sample: All Revenue Bonds

	2023	2024	2025	2026
Annual Increase:	6.67%	11.40%	8.76%	6.17%
General Increase:	7.00%	14.00%	10.00%	6.25%
R&R Increase:	6.00%	6.00%	6.00%	6.00%
General Av. Bil	\$56.67	\$61.95	\$66.74	\$70.82
Gen. New Debt	\$3.0M	\$6.2M	\$6.0M	\$4.5M
WIFA Debt	N/A	N/A	N/A	N/A
R&R Debt	\$2.0M	**	\$2.8M	**
Total Debt	\$5.0M	\$6.2M	\$8.8M	\$4.5M

Sample: Revenue Bonds + WIFIA

	2023	2024	2025	2026
Annual Increase:	6.67%	6.67%	6.68%	6.85%
General Increase:	7.00%	7.00%	7.00%	7.25%
R&R Increase:	6.00%	6.00%	6.00%	6.00%
General Av. Bil	\$56.67	\$60.30	\$64.17	\$68.35
Gen. New Debt	\$5.0M	**	\$4.0M	**
WIFA Debt	\$0	\$4,117,286	\$3,697,356	\$3,555,011
R&R Debt	\$2.0M	**	\$2.8M	**
Total Debt	\$7.0M	\$4,117,286	\$10,497,356	\$3,555,011

General Manager Black asked the commissioners if we are on the right track for 2023 or do they have any additional information before the November meeting.

Commissioner Rediske would like to hold back until next year to decide on using WIFIA until we hear more information on the grants. Commissioner Barton agrees with Commissioner Rediske and wants to wait to see our financial liabilities, if we need to treat the iron and manganese, and what grants we will receive. Commissioner Korsmo agrees with the other commissioners to stay the course for 2023.

8. 2023 BUDGET UPDATE

General Manager Black was looking for additional feedback from the budget presentation. Commissioner Korsmo feels that the information presented at the budget meeting and the information shared monthly has provided enough information; they do not have any additional questions.

9. REQUEST FOR BOARD APPROVAL TO SUBMIT DRINKING WATER STATE REVOLVING FUND (DWSRF) APPLICATIONS FOR THE O-2, O-3, I-3, K-3, AND G-4 WELL PROJECTS.

General Manager Black shared that to apply for the grant, the board needs to approve the application being submitted to the DWSRF.

COMMISSIONER REDISKE MOTIONED TO APPROVE THE TO SUBMIT DRINKING WATER STATE REVOLVING FUND (DWSRF) APPLICATIONS FOR THE O-2, O-3, I-3, K-3, AND G-4 WELL PROJECTS, SECOND BY COMMISSIONER BARTON. MOTION PASSED UNANIMOUSLY.

10. GENERAL MANAGERS REPORT

Randall Black, General Manager, provided the following updates:

Woodland Estates – Operations Manager Black will provide more details during his report.

Wholesale Transmission Main event, staff is requesting an additional budget request of \$1,200. The Commissioners approved the additional budget.

Cross Connection Control proposed changes will be presented by IT Manager Fast during his report.

11. OPERATIONS REPORT

Ian Black Operations Manager shared that construction on the Spanaway connection has started on Brookdale; we should be done by mid-November and will discuss with Spanaway if they want all 2 mgd or if they would like less at this time.

Steel building passed inspection, and the last item is installing the overhead lighting.

Woodland Estates has the water main and water meters installed. Paving will be completed near the end of November. Homeowners can now connect their homes to the meters. This was a great project for training newer staff. Commissioner Barton shared how impressed he was with this project and the quality of work the staff did. Operations Manager Black agreed that LWD has the best staff around.

12. ENGINEERING MANAGER'S REPORT

Marshall Meyer, Engineering Manager, shared 85% of supply capacity is online. The remaining 12% offline is down due to PFAS, and 3% View Rd is down for mechanical issues.

For the last several weeks, we have worked on the diagnosis at the Wholesale Station Pump. We pulled out a pump and three decent-sized rocks were wedged in the pump impeller vanes, which impacted the performance and caused the vibrations. We believe the rocks were in the Wholesale Transmission Main since it was constructed and dislodged during the larger pumps' flow tests back in 2020. The flow tests pulled more water through the main than previously seen. With the increased flow, the rocks could have been dislodged and pulled into the pumps. This is consistent with the performance issues occurring suddenly not long after the pump test.

R-2 Well is scheduled to start on October 17, 2022. The additional well development activity is aimed at increasing the yield from the well compared to when it was initially developed and tested in May.

Abitibi well evaluation was awarded to Holt Services, and we have provided a notice to proceed. We are waiting for their start date; we have given them a start date of no later than November 10, 2022 and the project will go through the end of December 2022.

Steilacoom Blvd. Tank Seismic Retrofitting is now complete; the final steps are going through the punch list items with the contractor. It is a nice sky blue and will stand long after any earthquakes come through.

13. OFFICE MANAGER'S REPORT

See report in packet.

14. INFORMATION TECHNOLOGY MANGER'S REPORT

Dish Network has three cell tower contracts in place, and they are working on details for a potential fourth cell tower.

Proposed Cross Connection policy changes for 2023 – Currently, we are 91% on par with the State average; pre-Covid, we were at 99% compliance. We are having a challenge with keeping owners in compliance since Covid; we are looking at automatic testing if the customer is not in compliance instead of turning off their water until they have the testing done.

Currently, we would turn off their meter after the third notice (47 days), and we are proposing to do a compulsory test. We would charge the property owner \$100.00 per assembly tested.

The estimated total cost to the District exceeds the \$100 fee the District will charge for the compulsory test. If the customer does not allow access to test the assemblies, the District will shut off the customer's water until the customer allows access for testing or can provide proof of testing.

The \$100 fee amount was reached as follows:	
30 Minutes Document Preparation	\$40
Cost to deliver a 48 Hour Notice (Vehicle + Employee)	\$40
Estimated Backflow Test cost range	\$40 - \$50
Total Estimated Cost	\$120 - \$130

It would be beneficial to the District to contract a second tester for compulsory testing with the contractual obligation to attempt testing within a two-week time frame from receipt of the testing notice from the District. Having a second tester for the compulsory testing allows the District Backflow Program Tester to continue testing customers who have signed up for the District's Testing Program without delay. We expect the expedited testing cost will be higher than the District's regular testing contract.

In addition, we are proposing to assess a \$10 door hanger fee for Cross Connection 48-Hour Notices and a \$40 disconnect fee for Cross Connection Shut Offs. The District does not currently assess a fee for cross connection door hangers or disconnects. This fee structure is identical to the fee structure for billing disconnects. The ratepayers currently cover the cost of these services. Adding the fee relieves the District ratepayers from paying for customers not complying with State law and District resolutions.

Commissioner Rediske asked if someone who wanted to get their system tested, can they call us and sign up for our program? Can our contractor respond in a timely manner? IT Manager Fast shared that once they sign up for the program and sign the Right of Entry (ROE), they are removed from the shutoff list. If a customer schedules their test with a contractor, the contractor would need to call and let us know the date they are going out to test; the customer cannot call and let us know.

General Manager Black asked the board to review the proposed changes to the policy and if they felt comfortable making this decision now or did, they want us to send out a sixty-day notice to notify customers of the new changes. IT Manager Fast inquired if we need to hold a public hearing and the Commissioner said that was not necessary. Commissioners supported the new changes and Commissioner Korsmo would like to have the new policy brought back to the November 17, 2022, meeting.

15. Other Business:

- a. The Board acknowledged the wage increase this month.
- b. The proposed schedule for the General Manager recruitment was shared with the Commissioners to review.
- c. Commissioner Barton provided a brief update on the WASWD Legislative Committee. What is the opinion of water districts regarding bio-solids? WASWD committee members will receive a presentation from Scott Hazelgrove to educate them on bio-solids so that WASWD can address legislation in the next session. The Public Works Trust fund should be restored and not given to another program. Dept of Health requested WASWD to support funding failing water supply systems. Historically, WASWD has not taken a position and agreed to stay neutral. Commissioner Barton was selected to remain on the WASWD Board.

- d. The District insurance medical and dental renewal came in lower 2.9% vs 6% we budgeted for.
- e. Our next Commissioner's meeting will be on November 17, 2022, at 3:30 PM.

16. PUBLIC COMMENT

None.

17. ADJOURN

President Korsmo adjourned the meeting at 5:10 PM.

**LAKEWOOD WATER DISTRICT
2022
INCOME STATEMENT**

OCTOBER	CUR MO ACTUAL	CUR MO BUDGET	CUR MO VARIANCE	Y-T-D ACTUAL	Y-T-D BUDGET	Y-T-D VARIANCE
SALE OF WATER	1,450,066	1,172,739	277,327	8,599,959	8,910,882	(310,922)
OTHER OPERATING REVENUE	93,320	75,993	17,327	978,773	884,289	94,484
WHOLESALE WATER SALES	403,209	380,306	22,903	3,842,616	3,803,064	39,552
TOTAL OPERATING REVENUE	1,946,596	1,629,038	317,557	13,421,348	13,598,234	(176,886)
OPERATING EXPENSE						
PUMPING	136,851	93,964	42,887	978,989	987,636	(8,647)
WATER TREATMENT	30,018	40,247	(10,228)	305,732	402,466	(96,734)
TRANSMISSION & DISTRIBUTION	63,252	90,084	(26,832)	774,493	900,836	(126,342)
CUSTOMER ACCOUNTS	59,048	71,742	(12,695)	652,662	717,423	(64,760)
CUSTOMER INFORMATION	5,772	1,612	4,160	4,901	16,123	(11,222)
ADMINISTRATIVE & GENERAL	186,529	178,611	7,918	1,931,994	1,818,106	113,888
TOTAL OPERATING EXPENSE	481,470	476,259	5,211	4,648,772	4,842,589	(193,817)
MAINTENANCE EXPENSE						
SOURCE OF SUPPLY	2,202	2,299	(97)	22,685	22,990	(305)
PUMPING	23,316	21,542	1,774	186,564	215,424	(28,860)
WATER TREATMENT	19,061	16,989	2,072	142,423	169,893	(27,469)
TRANSMISSION & DISTRIBUTION	63,877	103,311	(39,435)	971,556	1,033,115	(61,559)
ADMINISTRATIVE & GENERAL	24,121	24,545	(423)	274,149	245,445	28,704
SUB-TOTAL	132,577	168,687	(36,110)	1,597,377	1,686,866	(89,490)
DEPRECIATION EXPENSE	226,083	226,083	(0)	2,260,830	2,260,833	(3)
UTILITY EXCISE TAXES	61,367	39,995	21,372	397,873	372,938	24,935
TOTAL MAINTENANCE EXPENSE	420,027	434,765	(14,738)	4,256,079	4,320,638	(64,558)
TOTAL OPERATING & MAINT EXPENSE	901,497	911,024	(9,527)	8,904,852	9,163,227	(258,375)
NET OPERATING REVENUE	1,045,099	718,014	327,084	4,516,496	4,435,008	81,489
GAIN (LOSS) ON DISP. OF PROPERTY	-	-	-	1,236	-	1,236
RENTAL OR LEASE INCOME	1,345	1,087	258	8,090	10,867	(2,777)
INTEREST INCOME	29,002	900	28,102	115,633	10,800	104,833
MISC NON-OPERATING INCOME	-	-	-	345,084	-	345,084
INTEREST L-T DEBT	(183,627)	(184,104)	477	(1,840,808)	(1,841,037)	229
DEBT ISSUANCE COSTS	(2,324)	-	(2,324)	(2,324)	-	(2,324)
CARES GRANT FUNDING	-	-	-	(17,868)	-	(17,868)
TOTAL MISC INCOME/EXPENSE	(155,603)	(182,117)	26,514	(1,390,958)	(1,819,370)	428,412
NET INCOME	889,496	535,897	353,598	3,125,538	2,615,638	509,900

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 46756 through
46873 and all electronic payments for this period are hereby approved for payment in the sum of
\$1,807,682.48 this 17th day of November 2022.

Commissioner Korsmo

Commissioner Rediske

Commissioner Barton

General Manager

Check no.	Vendor Name	Payment Description	Amount
46756	Advanced Safety	2022 Annual Fire Extinguisher Service	1,125.87
46757	Airgas USA LLC	(2) Acetylene Rentals	16.49
46758	Asphalt Patch Systems Inc	9401 - 9405 Judson St & 10427 Mt Tahoma Drive	3,139.00
46759	Associated Petroleum Products	(400.10) Gals Unleaded Fuel & (150) Gals Diesel Fuel	2,399.62
46760	CenturyLink	Utility Service - (1) Site	85.99
46761	Chicago Title Insurance of WA	Subdivision Certificates - (3) Addresses	1,158.15
46762	Cintas Corporation	09/28/22 Weekly Services	140.17
46763	City of Lakewood	3rd Quarter - 2022 Franchise Fee	173,865.28
46764	Daily Journal of Commerce	Legal Ad - Endangered Species Consultant	166.95
46765	Eurofins Eaton Analytical Inc	9/10/22 PFAS Sampling	2,100.00
46766	Grainier Inc	(50) 3/4 Inch Couplings & (4) Gals Muriatic Acid	344.74
46767	Lakewood Hardware & Paint	(1) Roller (1) Roller Cover (1) Hole Dozer & (1) Wht Caulk	27.59
46768	Lowes Companies Inc	(2) Hammers, (2) Pruners, Pins, Screws, Sewer Repair Prts	475.57
46769	Miller's Tree Service	Removed (2) Fir Trees - Chip Brush & Grind Stumps Down	3,960.00
46770	Moose's Auto Tech	Trk# 44 Replaced Outer Rear Tire	390.49
46771	Ogden Murphy Wallace PLLC	08/22 Abitibi Well Advisory	1,009.80
46772	Pape & Sons Construction	Pay App # 2 - Generator & Electrical Seismic Imprv	30,051.00
46773	Schwind, Eric	Uniform Reimbursement - Boots & Pants	274.06
46774	Seattle Ace LLC	(2) 3 lb Moss Beware, Misc Paint Brushes, Long Drill Set	83.61
46775	Sherwin-Williams Co	(2) Gals Taupe & Brown Paint - Misc Painting Supplies	277.43
46776	Town of Steilacoom	09/22 View Road Electric & Sewer Costs	9,483.00
46777	US Bank	(6) Bond Admin Fees	2,323.76
46778	Water Management Labs Inc	(19) Total Coliform P-3 A Tests	399.00
46779	WWCCPP Group	D Stanley & C Fast - CCS - CEU's Training	280.00
46780	Zoro	(4) Pipe Wrenches & (2) Pipe Cutters	417.52
46781	EGU Washington Estates LLC	Paid Job - Refund Performance Bond Payment (Emerson)	200,000.00
46782	Balance Dynamics	(3) Water Pumps - Vibration Analysis	2,200.00
46783	Berschauer Construction Inc	Pay #5 - 08/22 Steel Building	60,463.45
46784	Caselle	11/22 Contract Maint & Support	3,547.50
46785	Ceccanti Inc	Pay #11 - 09/22 Scott's Well Treatment	63,949.56
46786	Cintas Corporation	10/05/22 Weekly Services	140.17
46787	Harold Lemay Enterprises Inc	09/22 Roll off Dumpster, Mixed Recycling, & Shredding	556.66
46788	Holroyd Co Inc	(40) Yards Crushed Rock - Woodland Estates - Job #833	1,254.00
46789	Jeri-Lynn Clark	Reimburse - Flowers for WTME Dedication	171.90
46790	Jordan Daulbaugh	Uniform Reimbursement - Jacket	87.51
46791	Lakewood Hardware & Paint	Brs Comp Slvs - Brs Adptrs - (1) 500 MA Fast Acting Fuse	19.87
46792	McClains Soil Supply	(3) Yards Top Soil - Lynnwood Ln	72.80
46793	Multicare Centers	(1) EBT	54.00
46794	Open Works	10/22 Janitorial Services	1,997.51
46795	Pierce County Sewer	09/22 - 8100 Wash Blvd & 11900 Grav Lk Dr - Sewer Chgs	44.12
46796	Pro Call Center	09/22 After Hours On-Call Services	362.85
46797	Seattle Ace LLC	(2) Pipe Insulation (1) Outdoor Sock - Misc Parts 104th St	99.86
46798	Stronghold Armored Inc	09/22 Armored Truck Services	375.00
46799	Utilities Underground	(320) September 2022 Locates	412.80
46800	Water Management Labs Inc	(3) Manganese Tests (19) Total Coliform (1) MMO-Mug Test	501.00
46801	Airgas Usa LLC	(2) Acetylene Rentals	23.10
46802	American Landscape Svc, LLC	Sept 22 - Landscaping Svcs	6,924.50
46803	Associated Petroleum Products	(460) Gals Unleaded Fuel & (270) Gals Diesel Fuel	3,702.62
46804	Backflows Northwest	(106) Sept 22 - Backflow Tests	2,650.00
46805	Brent Davison	Uniform Reimbursement	115.37
46806	Capital Heating And Cooling	10/22 - 12/22 Qtrly HVAC Maint	1,484.18
46807	CenturyLink	(1) Site Svcs	110.98
46808	Cintas Corporation #461	10/12/22 Weekly Svcs	140.17
46809	Classy Chassis	(2) Truck Washes - #57 RB & #34 IB	20.00
46810	Core & Main (HD Supply)	(12) 8 Inch Sure Stop Locking Gskts/(4) Long Slvs	2,699.26
46811	Eurofins Eaton Analytical, Inc	Sept 22 - PFAS Sampling	7,500.00
46812	Grainger Inc	(1) Solenoid Valve - Brass NC - Air Inert Gas	213.07
46813	Guardian Security Systems	08/22 - Cloud Storage & Access/Scotts Well Installation	54,289.65
46814	Kennedy/Jenks Consulting	09/22 - Scott's PFAS Treatment	3,130.49
46815	Lakewood Hardware & Paint	PVC Nipples - Blue Flagging Tape - Concrete Stakes	45.57
46816	Liberty Mutual	Surety Bond Renewal - Pierce County Public Works	750.00
46817	McClatchy Company LLC	Legal Ad - Endangered Species Consultant	448.94
46818	Midco Material Handling	Forklift Service - Oil Change & Filter	380.92
46819	Miles Resources LLC	(43) Tons Waste Cleanup - Broken Asphalt	301.00
46820	Mooses Auto Tech	Trk# 44, #30, #25, #55 Oil Change & Svcs	607.98
46821	Owen Equipment	(1) Week Vactor Truck Rental	5,311.05
46822	Puget Sound Energy	Meter Installation Chgs - Metal Building	984.16

46823	Rainier Supply	Connectors, J Box Misc, Conduit CVR	241.96
46824	Rainier Welding Supplies	Plasma Filter Replacement	35.19
46825	Seattle Ace LLC	Pipe Cutter, Machete, Bolt Cutter	84.98
46826	Sherwin-Williams Co	4 Gal Paint	274.59
46827	Sitts & Hill Engineers Inc	Woodland Estates Easement Review Survey	1,212.50
46828	Sprague Pest Solutions	09/22 Pest Conrol	141.90
46829	State Auditor Office	2021 Financial and Accountability Audit	9,984.60
46830	T Bailey	Pay #10 - 10/22 Steilacoom Seismic Retrofit	85,197.64
46831	Tacoma Rail Mountain Division	Pipeline Permit - Brookdale (Spanaway WTM)	835.38
46832	Verizon Wireless	09/22 SCADA Data	998.62
46833	Water Management Labs Inc	(33) Total Coliform	693.00
46834	Williams Oil Filter Service	Back Hoe - Hose Rplcmnt	123.97
46835	Zoro	Circular Saw Blade	167.93
46836	Michael G Malaier, Trustee	Payroll 10/14/22	825.00
46837	WA State Support	Payroll 10/14/22	195.50
46838	Lakewood Water District	Payroll 10/28/22	310.00
46839	Michael G Malaier, Trustee	Payroll 10/28/22	825.00
46840	WA State Support	Payroll 10/28/22	195.50
46841	American Landscape Svc, LLC	10/22 Landscaping Svc - Various Sites	8,893.50
46842	Anatum	Replacement Battery - EOS Arrow RTK	251.22
46843	Associated Petroleum Products	(407) Gal Unleashed, (107) Gal Diesel	2,038.82
46844	Brooks, Bob T	Uniform Reimbursement	219.47
46845	CenturyLink	Internet Svc - 9 Sites	769.65
46846	Cintas Corporation #461	10/19/22 Weekly Svc	140.17
46847	City Of Lakewood	Pay App #9 & #10 - Grav Lk Dr - Wash to Nyanza	303,814.36
46848	Core & Main (HD Supply)	8x6 Flange Tee	1,237.51
46849	Custom Coating Consultants LLC	Proj. Inspection - Steilacoom Blvd	6,702.72
46850	Day Wireless Systems	10/22 Comm Svc, Trk #55 Radio, Trk #43 Antenna	1,914.61
46851	Dirks Truck Repair Inc	Sliding Winch & Strap	338.60
46852	Evergreen Rural Water Of WA	(16) CCCS Class - Exam Review	4,000.00
46853	FCS Group	2023 Rate Assistance	2,985.00
46854	Ferguson Waterworks	8" Omni Meter, (100) Lid Housing, Filler Flange	10,950.13
46855	Harold Lemay Enterprises Inc	10/22 Recycling, Shredding, Dumpster	632.89
46856	Inslee Best Doezie & Ryder Ps	WTME, DISH Steilacoom Tank, Woodland Estates	2,005.29
46857	Lakewood Hardware & Paint	Caulk, ABS Pipe, Elbows	48.56
46858	Marten Law	09/22 PFAS Svcs	20,584.34
46859	Ogden Murphy Wallace, PLLC	09/22 Abitibi Advisory	1,055.70
46860	Pape Machinery	Excavator Rental	1,025.76
46861	Pape Machinery	Switch & Temp Sensor, Hose Replacement	2,831.09
46862	Parametrix	09/22 Front St & Wash Blvd	2,907.68
46863	Pierce County Auditor	Satisfaction of Lien	18.00
46864	Rainier Supply	Plug, Box, Locknuts	337.15
46865	S&B Inc	100 PSI 310' Cable, 15 PSI 30' Cable	2,582.82
46866	Seattle Ace LLC	Bait Station, Utility Knife, Fasteners	54.69
46867	Sherwin-Williams Co	11 Gal Paint, Painting Supplies	662.14
46868	Star Rentals	Air Hose	248.18
46869	Superior Saw & Supply Inc	Drill Bit Sharpening	47.98
46870	TMG Services Inc	(5) Electrolyzers Cartdriges	8,931.45
46871	Town Of Steilacoom	10/22 Sewer & Electric	9,857.12
46872	Water Management Labs Inc	Coliform, MMO-MUG, Quanti-Tray, Gross Alpha, Radium	1,433.00
46873	Zenner Usa Inc	(50) 5/8" Meters	6,516.98

Sub-Total

1,170,518.50

October Payroll

186,664.12

October Payroll Taxes (PMT# 616 & PMT# 627)

66,118.23

Date

Other Electronic Payment

PMT# 615 - Sir Speedy	1,638.59
PMT# 617 - Deferred Comp	3,502.75
PMT# 618 - WA PERS	22,021.44
PMT# 619 - CEP Enterprises	6,213.00
PMT# 620 - Pitney Bowes Inc	68.42
PMT# 620-1 - Regence	56,933.88
PMT# 621 - Delta Dental	3,949.55
PMT# 622 - Aflac	365.57
PMT# 623 - Principal Insurance	2,826.88
PMT# 624 - EmGov Power	500.00
PMT# 625 - RH2 Engineering	9,090.29
PMT# 626 - Sir Speedy	8,496.68
PMT# 628 - WA PERS	22,281.81
PMT# 629 - Deferred Comp	3,502.75
PMT# 630 - RH2 Engineering	8,268.29
PMT# 631 - Sir Speedy	2,185.84

B&O Tax

61,367.29

US Bank CC (Less Power)

25,197.05

US Bank CC Power Costs

118,000.81

Paymentech/Merchant Fees (OCT)

10,394.16

Xpress Bill Pay Fee (OCT)

3,421.55

3rd Quarter - L&I Premiums

7,563.23

3rd Quarter - Unemployment
3rd Quarter - WA PFML

2,726.15
3,865.65

384,381.63

GRAND TOTAL

1,807,682.48



2023 DRAFT BUDGET

Theme:

***“Minimizing PFAS Impacts While
Delivering on Customer Expectations”***

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1. P&L—Summary Income Statement (Philip)
2. P&L—Detail (Philip)
3. Cash Flow Statement and 5-year Rate Forecast (Philip)
–Option 1 (No WIFIA) and Option 2 (With WIFIA)
4. 2023 Capital & R&R Projects (Ian and Marshall)
5. Five-year Forecast of Capital & R&R Projects (Ian and Marshall)

LAKWOOD WATER DISTRICT

2023 - BUDGET

6.67% WEIGHTED AVERAGE RATE INCREASE INTEGRATED ON BUDGET

GENERAL - 7.00%; R&R - 6.00%

11/3/22

	2023 BUDGET	2022 FORECAST	2022 BUDGET	FCST VARIANCE
SALE OF WATER	10,648,833	10,039,040	10,330,437	(291,397)
OTHER OPERATING REVENUE	1,321,155	1,197,350	1,177,327	20,023
WHOLESALE WATER SALES	5,781,790	4,972,363	4,563,677	408,687
TOTAL OPERATING REVENUE	17,751,777	16,208,753	16,071,440	137,313
OPERATING EXPENSE				
PUMPING	1,420,021	1,099,172	1,168,061	(68,889)
WATER TREATMENT	516,841	408,947	482,959	(74,012)
TRANSMISSION & DISTRIBUTION	1,250,200	997,651	1,081,003	(83,352)
CUSTOMER ACCOUNTS	842,948	797,763	860,907	(63,144)
CUSTOMER INFORMATION	15,703	3,965	19,347	(15,382)
ADMINISTRATIVE & GENERAL	2,151,581	1,279,989	1,154,991	124,998
TOTAL OPERATING EXPENSE	6,197,295	4,587,487	4,767,268	(179,780)
MAINTENANCE EXPENSE				
SOURCE OF SUPPLY	41,274	27,409	27,588	(179)
PUMPING	263,435	234,341	258,509	(24,168)
WATER TREATMENT	192,380	176,376	203,871	(27,495)
TRANSMISSION & DISTRIBUTION	1,219,268	1,196,789	1,239,738	(42,948)
ADMINISTRATIVE & GENERAL	324,287	335,848	294,534	41,314
SUB-TOTAL	2,040,644	1,970,763	2,024,240	(53,477)
DEPRECIATION EXPENSE	3,144,000	2,712,997	2,713,000	(3)
UTILITY EXCISE TAXES	443,073	456,492	452,929	3,563
TOTAL MAINTENANCE EXPENSE	5,627,717	5,140,252	5,190,168	(49,917)
TOTAL OPERATING & MAINT EXPENSE	11,825,012	9,727,739	9,957,436	(229,697)
NET OPERATING REVENUE	5,926,765	6,481,015	6,114,005	367,010
GAIN (LOSS) ON DISP. OF PROPERTY	49,000	13,136	11,900	1,236
RENTAL OR LEASE INCOME	9,892	10,005	13,040	(3,035)
INTEREST INCOME	48,000	117,630	12,600	105,030
INTEREST L-T DEBT	(2,203,522)	(2,209,527)	(2,209,244)	(283)
DEBT ISSUANCE COSTS	(76,142)	35	-	35
CARES GRANT	-	(17,868)	-	(17,868)
TOTAL MISC INCOME/EXPENSE	(2,172,772)	(2,086,590)	(2,171,704)	85,114
NET INCOME	3,753,993	4,394,425	3,942,301	452,124

LAKWOOD WATER DISTRICT
2023 BUDGET - DETAIL

11/3/22

9 MO (ACTUAL). +
3 MO.
(PROJECTION)

INCOME STATEMENT

G/L #	ACCOUNT DESCRIPTION	2023 BUD TOTAL	2022 FORECAST TOTAL	2022 BUD TOTAL	"23 BUD VS "22 FCST	"23 BUD VS "22 BUD	FINANCIAL ANALYSIS NOTE
461.100	METERED SALES TO GEN. CUST.	7,211,881	6,757,585	7,078,262	454,296	133,619	SEE REVENUE ANALYSIS - 2022 S/S; AVERAGE FOR 2022 AND 2020 (REFLECTIVE OF SLOWING WATER CONSUMPTION)' 315 MILLION CF CONSUMPTION PROJECTED TO BE THE SAME
461.130	R & R FIX CHARGE	3,436,952	3,281,455	3,252,174	155,497	184,777	
461.120	CITY OF LAKEWOOD FRANCHISE FEE	538,812	565,381	544,214	(26,569)	(5,402)	
461.125	FRANCHISE FEE OFFSET	(538,813)	(565,381)	(544,214)	26,568	5,401	
461.200	STEILACOOM VOLUME CHARGE	-	-	-	-	-	
461.300	ADJUSTMENTS TO METERED SALES	-	-	-	-	-	
	TOTAL SALE OF WATER	10,648,833	10,039,040	10,330,437	609,793	318,396	
466.000	STEILACOOM WATER SALES	517,566	479,948	443,229	37,618	74,337	3-YR AVERAGE FROM THE TOWN OF STEILACOOM ON A MONTHLY BILL CYCLE BASED ON DEMAND SCHEDULE AND FIXED/VOLUME CHARGES; SPANAWAY WTR COMING ONLINE
466.100	WHOLESALE WATER SALES	5,781,790	4,972,363	4,563,677	809,426	1,218,113	
467.000	CROSS CONNECTION	66,182	63,311	56,206	2,871	9,976	
470.000	FEES/PENALTIES/NSF	86,110	86,105	72,000	5	14,110	EXPIRATION OF UTILITY MORATORIUM
471.000	MISC. SERVICE REVENUES	16,000	16,000	16,000	-	-	
472.000	RENTAL INCOME (CELL TOWERS)	635,297	551,986	589,892	83,311	45,405	HAVE 4 NEW SITES - WITH CONTRACT BEING FINALIZED
	TOTAL OF OTHER OPERATING REVENUE	7,102,944	6,169,713	5,741,004	1,361,940	1,361,940	
	TOTAL OPERATING REVENUE	17,751,777	16,208,753	16,071,440	1,543,024	1,680,337	
620.000	OPERATION SUPV. & ENGINEERING	97,169	89,490	91,978	7,679	5,191	
623.000	POWER PURCHASED FOR PUMPING	982,602	706,488	748,982	276,114	233,620	PROJECTED RATE INCREASE FOR POWER COSTS, & MARSHAL PROJ FOR SPAN CONS.; INCREASED 6.68% RATES, 17% INCREASE FOR WHOLESALE INCREASE
624.000	WHOLESALE FACILITIES O&M	272,698	207,901	262,436	64,798	10,262	INCREASED POWER CONSUMPTION - SPANAWAY WATER
626.000	TELEMETRY OPERATIONS	67,552	95,294	64,664	(27,742)	2,888	INCREASE FROM SCADA COSTS AND PAM ANNUAL MAINTENANCE
	OPERATIONS IN PUMPING	1,420,021	1,099,172	1,168,061	320,849	251,960	
640.000	OPERATION SUPR & ENGINEERING	97,169	89,489	91,978	7,680	5,191	
641.000	CHLORINATING	251,837	178,278	211,968	73,559	39,869	INCREASE COST IN SALT; LABOR RATE INCREASE
642.000	WATER TREATMENT - SAMPLES	73,614	55,565	69,106	18,049	4,508	LABOR RATE INCREASE, AND MORE SAMPLING FOR YEAR
642.100	WATER TREATMENT - PFAS TESTING/GAC	94,221	85,615	109,907	8,606	(15,686)	DECREASE IN PFAS TESTING COST
	OPERATIONS OF WATER TREATMENT	516,841	408,947	482,959	107,895	33,882	
660.000	OPERATION SUPV. & ENGINEERING	201,046	192,004	200,564	9,042	482	
661.000	WATER STORAGE FACILITIES	134,860	102,780	117,677	32,080	17,183	ALS SERVICE, RATE INCREASE AND ADDITIONAL SITES ADDED
661.100	PHILLIPS TANK O & M	1,200	300	1,200	900	-	
662.000	TRANS. & DISTR. LINES EXPENSES	26,309	24,634	28,908	1,675	(2,599)	
662.010	FLUSHING	64,860	19,741	57,904	45,119	6,956	
662.020	VALVE OPERATIONS/MAINTENANCE	129,963	75,016	120,774	54,947	9,189	
662.100	PARKLAND INTERTIE EXPENSES	1,760	1,774	1,700	(14)	60	
662.200	FIRE FLOW	1,832	254	1,671	1,578	161	
663.000	METER EXPENSES ONS/OFFS	82,609	76,215	70,284	6,394	12,325	
664.100	CROSS CONNECTION EXP/ BACKFLW	163,319	121,681	139,856	41,638	23,463	INCREASED IN TEST COST BUT CORRESPONDING WITH INCREASE IN REVENUE
665.000	MISCELLANEOUS EXP	47,866	31,980	41,772	15,886	6,094	
665.100	TOOLS & EQUIPMENT	15,000	13,015	14,000	1,985	1,000	

LAKWOOD WATER DISTRICT
2023 BUDGET – DETAIL

11/3/22

9 MO (ACTUAL). +
3 MO.
(PROJECTION)

INCOME STATEMENT

G/L #	ACCOUNT DESCRIPTION	2023 BUD TOTAL	2022 FORECAST TOTAL	2022 BUD TOTAL	"23 BUD VS "22 FCST	"23 BUD VS "22 BUD	FINANCIAL ANALYSIS NOTE
665.200	SAFETY EXPENSES	50,083	32,286	38,598	17,797	11,485	AED KIT FOR \$2.5K AND HEAT STRESS BUDGET \$1,500
665.300	LOCATING EXPENSES	191,124	175,958	162,383	15,166	28,741	
665.400	ON-CALL	123,244	115,839	69,962	7,405	53,282	ERROR IN PRIOR YEAR BUDGET; DIDN'T ADD
666.000	UNIFORMS	15,125	14,174	13,750	951	1,375	
	OPERATIONS OF TRANS & DISTRB	1,250,200	997,651	1,081,003	252,549	169,197	
902.000	METER READING EXPENSES	56,728	52,878	56,535	3,850	193	
903.000	CUST. RECORDS & COLLECTION EXP. CUSTOMER ACCOUNTS	786,220	744,885	804,372	41,335	(18,152)	
		842,948	797,763	860,907	45,185	(17,959)	
910.000	CONSERVATION / WATER EDUCATION	15,703	3,965	19,347	11,737	(3,644)	
920.000	ADMIN. & GENERAL EXPENSES	1,859,537	1,371,840	1,278,024	487,697	581,513	INTERIM HIRING OF GENERAL MANAGER - 7 MONTHS; SHIFT OF ENGINEERING MANAGER FROM 90/10 TO 60/40 FOR CHARGING TO JOBS VS. ADMIN/GENERAL EXPENSES WORK PERFORMED
920.700	COMMISSIONER REDISKE	4,277	4,310	4,562	(33)	(285)	
920.800	COMMISSIONER BARTON	7,197	7,506	4,562	(309)	2,635	
920.900	COMMISSIONER KORSMO	3,588	3,621	4,562	(33)	(974)	
921.000	OFFICE SUPPLIES & EXPENSES	60,706	75,380	60,706	(14,674)	-	
921.100	POSTAGE	10,873	10,060	19,880	813	(9,007)	
921.200	PUBLICATIONS/PRINTING	43,400	54,169	29,000	(10,769)	14,400	ADDITIONAL PUBLICATION BUDGET BUT REDUCED POSTAGE ABOVE
921.300	ELECTION COSTS	22,000	-	-	22,000	22,000	ELECTION YEAR
921.400	OUTSOURCED BILLING	84,360	77,732	77,591	6,628	6,769	
921.500	PAYMENT PROCESSING	115,518	116,460	110,136	(942)	5,382	
921.600	HR EXPENSES	20,668	5,606	-	15,063	20,668	COMBINED WITH EDUCATION BUDGET PRIOR YEAR
922.020	TRUCK & CAR EXPENSES	112,800	97,470	108,669	15,330	4,131	
922.022	TRUCK & CAR (CREDITS)	(187,513)	(183,622)	(194,943)	(3,891)	7,430	
922.030	TRACTOR EXPENSES	28,152	17,040	25,234	11,112	2,918	
922.033	TRACTOR (CREDITS)	-	(2,000)	(2,000)	2,000	2,000	
922.080	GENERATOR/COMPRESSOR EXPENSE	37,300	31,397	48,450	5,903	(11,150)	
922.044	GENERATOR/COMPRESSOR (CREDITS)	-	-	-	-	-	
922.050	GIS EXPENSES	148,331	139,237	144,645	9,094	3,686	
922.060	OVERHEAD ON OTHER REPAIRS & IMPROVE.	-	(441,086)	(441,086)	441,086	441,086	REDUCED O/H ON CAPITAL PROJECTS
922.100	OVERHEAD ON NEW SERVICES	-	(13,961)	(12,000)	13,961	12,000	REDUCED O/H ON CAPITAL PROJECTS
922.110	OVERHEAD ON R&R & NEW MAINS	(730,899)	(565,250)	(565,250)	(165,649)	(165,649)	REDUCED O/H ON CAPITAL PROJECTS
923.100	ATTORNEY SERVICES	22,000	33,981	25,000	(11,981)	(3,000)	
923.200	OTHER PROFESSIONAL SERVICES	17,000	6,558	12,000	10,442	5,000	
923.300	ACCTING & AUDITING SERVICE	77,877	92,061	81,000	(14,184)	(3,123)	
924.000	PROPERTY INSURANCE	195,136	173,051	167,292	22,085	27,844	CYBERSECURITY INSURANCE INCREASE
926.500	EDUCATION / TRAINING	112,638	77,719	91,593	34,920	21,045	LABOR COST + EDUCATION REIMBURSEMENT PROGRAM
926.600	MEMBERSHIPS / DUES	38,982	47,735	33,797	(8,753)	5,185	
929.000	DUPLICATE CHARGES	(19,417)	(18,365)	(21,432)	(1,052)	2,015	
930.000	MISCELLANEOUS GENERAL EXPENSE	44,864	43,093	45,119	1,771	(255)	
930.110	PROPERTY TAX	20,207	18,247	17,880	1,960	2,327	
930.100	RESEARCH & DEVEL. / WATER RIGHTS	2,000	-	2,000	2,000	-	

LAKWOOD WATER DISTRICT
2023 BUDGET – DETAIL

11/3/22

9 MO (ACTUAL). +
3 MO.
(PROJECTION)

INCOME STATEMENT

G/L #	ACCOUNT DESCRIPTION	2023 BUD TOTAL	2022 FORECAST TOTAL	2022 BUD TOTAL	"23 BUD VS "22 FCST	"23 BUD VS "22 BUD	FINANCIAL ANALYSIS NOTE
	TOTAL A&G	2,151,581	1,279,989	1,154,991	871,592	996,590	
	TOTAL OPERATING EXPENSE	6,197,295	4,587,487	4,767,268	1,609,808	1,430,027	
	MAINTENANCE EXPENSE						
613.100	MONITORING OF SURFACE WATER	39,100	26,056	26,827	13,044	12,273	USGS GAGING INCREASED
614.100	WELLHEAD PROTECTION	2,174	1,353	761	821	1,413	
	MAINTENANCE OF WATER SUPPLY	41,274	27,409	27,588	13,865	13,686	
631.000	MAINT. STRUCTURES & IMPRVMENTS.	24,156	28,634	16,114	(4,478)	8,042	REALLOCATED LANDSCAPING SVC OF 6K
633.000	MAINT. OF PUMPING EQUIPMENT	235,198	202,744	237,381	32,454	(2,183)	
633.100	PHILLIPS PUMPING STATION	4,081	2,963	5,014	1,118	(933)	
	MAINTENANCE OF PUMPING	263,435	234,341	258,509	29,094	4,926	
652.100	PONDERS - PCE/TCE	75,094	68,741	74,351	6,353	743	INCREASED POWER COSTS
652.201	VIEW ROAD - O & M	117,286	107,635	129,520	9,651	(12,234)	INCREASED COST FOR N-3 WELL
	MAINT OF WATER TREATMENT	192,380	176,376	203,871	16,004	(11,491)	
670.000	MAINT. SUPERVISION	201,046	192,002	200,564	9,044	482	
672.000	MAINT. OF RESERVOIRS & STANDPIPE	103,411	176,469	183,561	(73,058)	(80,150)	PREPAID PAINTING AMORTIZATION DECREASE
673.000	MAINT. OF TRANS. & DISTR. MAINS	144,867	199,957	144,606	(55,090)	261	OVER BUDGET 2022 DUE TO MAIN BREAK 147K
675.000	MAINTENANCE OF SERVICES	59,657	30,653	54,979	29,004	4,678	
676.000	MAINTENANCE OF METERS	199,604	170,513	187,088	29,091	12,516	
676.100	CHECK FOR LEAKS	9,593	14,264	8,434	(4,671)	1,159	
676.200	MTR BILLING EDITS	55,428	31,347	48,730	24,081	6,698	
677.000	MAINTENANCE OF HYDRANTS	144,610	85,772	140,674	58,838	3,936	
678.000	CITY PROJECTS	47,055	17,233	40,109	29,822	6,946	
679.000	PAID TIME OFF	253,997	278,581	230,993	(24,584)	23,004	INCREASED LABOR AND SICK LEAVE USAGE
	MAINTENANCE TRANS & DISTRB	1,219,268	1,196,789	1,239,738	22,479	(20,470)	
932.000	MAINTENANCE OF GENERAL PLANT	121,488	143,800	124,367	(22,312)	(2,879)	CAPITAL HEATING 16K FOR 2022
932.100	TECHNOLOGY/OFFICE EQUIPMENT	202,799	192,048	170,167	10,751	32,632	AP COST INCREASED
	ADMINISTRATIVE	324,287	335,848	294,534	(11,561)	29,753	
	SUB-TOTAL	2,040,644	1,970,763	2,024,240	69,882	16,404	
403.000	DEPRECIATION EXPENSE	3,144,000	2,712,997	2,713,000	431,003	431,000	
408.100	UTILITY EXCISE TAXES	443,073	456,492	452,929	(13,419)	(9,856)	
	TOTAL MAINTENANCE EXPENSE	5,627,717	5,140,252	5,190,168	487,465	437,549	

LAKWOOD WATER DISTRICT
2023 BUDGET – DETAIL

11/3/22

9 MO (ACTUAL). +
3 MO.
(PROJECTION)

INCOME STATEMENT

G/L #	ACCOUNT DESCRIPTION	2023 BUD TOTAL	2022 FORECAST TOTAL	2022 BUD TOTAL	"23 BUD VS "22 FCST	"23 BUD VS "22 BUD	FINANCIAL ANALYSIS NOTE
	TOTAL OPERATING & MAINT EXP	11,825,012	9,727,739	9,957,436	2,097,273	1,867,576	
	NET OPERATING REVENUE	5,926,765	6,481,015	6,114,005	(554,250)	(187,239)	
414.000	GAIN (LOSS) ON DISP. OF PROPERTY	49,000	13,136	11,900	35,864	37,100	SALE OF SURPLUS PROPERTY
418.000	RENTAL OR LEASE INCOME	9,892	10,005	13,040	(113)	(3,148)	
419.000	INTEREST INCOME	48,000	117,630	12,600	(69,630)	35,400	
427.000	INTEREST L-T DEBT	(2,203,522)	(2,209,527)	(2,209,244)	6,005	5,722	LT DEBT - TENTATIVE
434.000	DEBT ISSUANCE COSTS	(76,142)	35	-	(76,177)	(76,142)	DEBT ISSUANCE OF \$5M
933.000	CARES GRANT EXPENSES	-	(17,868)	-	17,868	-	
	TOTAL MISC INCOME/EXPENSE	(2,172,772)	(2,086,590)	(2,171,704)	(86,182)	(1,068)	
	NET INCOME	3,753,993	4,394,425	3,942,301	(640,432)	(188,308)	

LAKWOOD WATER DISTRICT 2023 BUDGET
PROJECTED CASH FLOW STATEMENT
as of 1/1/2023, Combined Rate Increase (6.67%)
and FIVE-YEAR RATE FORECAST
OPTION 1 - NO WIFIA BORROWING

CASH FROM OPERATIONS	
CASH FROM OPERATIONS - NET INCOME	5,123,045
ADD BACK DEPRECIATION	3,144,000
TOTAL CASH FROM OPERATIONS	\$ 8,267,045
CASH FROM FINANCING	
PRINCIPAL PAID ON REVENUE BOND #5 (06/01/22)	(250,000)
PRINCIPAL PAID ON REVENUE BOND #8A (06/01/22)	(770,000)
PRINCIPAL PAID ON REVENUE BOND #9A (06/01/22)	(160,000)
PRINCIPAL PAID ON REVENUE BOND #9B (06/01/22)	(480,000)
PRINCIPAL PAID PUBLIC WORKS TRUST FUND #4 (06/01/22)	(42,105)
PRINCIPAL PAID PUBLIC WORKS TRUST FUND #5 (06/01/22)	(40,895)
DEBT INTEREST EXPENSE, TOTAL OF	(2,173,447)
INTEREST INCOME	48,000
REVENUE BOND ISSUANCE, NET OF COST	5,000,000
TOTAL CASH FROM FINANCING	\$ 1,131,553
CASH FOR CAPITAL PROJECTS	
CAPITAL PROJECTS	
R&R PROJECTS	(6,347,250)
OTHER CAPITAL PROJECTS	(7,493,524)
TOTAL CAPITAL PROJECTS	(13,840,774)
PROCEEDS FROM GENERAL FACILITIES CHARGES	241,213
PROCEEDS FROM GRANT REIMBURSEMENT	2,512,000
NET CASH FLOW FOR THE YEAR	\$ (1,688,963)
BOND RESERVE AS OF 01/01/23	805,000
LOCAL GOVT INVEST POOL	9,654,836
GENERAL FUND BANK ACCOUNT	540,164
CASH AS OF 01/01/23	11,000,000
CASH AT THE END OF THE YEAR - 2023	\$ 9,311,037

FIVE-YEAR RATE FORECAST (total, weighted)	8.11%				
	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Annual Increase % - Weighted Average	6.67%	11.39%	8.76%	6.87%	6.87%
General %	7.00%	14.00%	10.00%	7.25%	7.25%
R&R %	6.00%	6.00%	6.00%	6.00%	6.00%
Combined Debt Coverage Ratio (target 2.0)	2.23	2.35	2.28	2.41	2.39
Debt Issues (Gross)	5,000,000	6,200,000	8,800,000	4,500,000	8,500,000
Total Ending Cash Balances	9,311,037	7,640,264	10,419,372	9,772,000	16,371,457
Days of Operating Expenses (180 target)	380	311	418	380	615
Average Bi-Monthly Bill of 5/8" Mtr w/ 1500cf	\$ 56.67	\$ 61.95	\$ 66.74	\$ 71.12	\$ 75.78
Bi-Monthly Bill Difference 1500cf	\$ 3.42	\$ 5.29	\$ 4.79	\$ 4.37	\$ 4.66

LAKWOOD WATER DISTRICT 2023 BUDGET
PROJECTED CASH FLOW STATEMENT
as of 1/1/2023, Combined Rate Increase (6.67%)
and FIVE-YEAR RATE FORECAST
OPTION 2 - WIFIA BORROWING**

CASH FROM OPERATIONS	
CASH FROM OPERATIONS - NET INCOME	5,123,045
ADD BACK DEPRECIATION	3,144,000
TOTAL CASH FROM OPERATIONS	\$ 8,267,045
CASH FROM FINANCING	
PRINCIPAL PAID ON REVENUE BOND #5 (06/01/22)	(250,000)
PRINCIPAL PAID ON REVENUE BOND #8A (06/01/22)	(770,000)
PRINCIPAL PAID ON REVENUE BOND #9A (06/01/22)	(160,000)
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PRINCIPAL PAID PUBLIC WORKS TRUST FUND #4 (06/01/22)	(42,105)
PRINCIPAL PAID PUBLIC WORKS TRUST FUND #5 (06/01/22)	(40,895)
DEBT INTEREST EXPENSE, TOTAL OF	(2,173,447)
INTEREST INCOME	48,000
REVENUE BOND ISSUANCE, NET OF COST	5,000,000
TOTAL CASH FROM FINANCING	\$ 1,131,553
CASH FOR CAPITAL PROJECTS	
CAPITAL PROJECTS	
R&R PROJECTS	(6,347,250)
OTHER CAPITAL PROJECTS	(7,493,524)
TOTAL CAPITAL PROJECTS	(13,840,774)
PROCEEDS FROM GENERAL FACILITIES CHARGES	241,213
PROCEEDS FROM GRANT REIMBURSEMENT	2,512,000
NET CASH FLOW FOR THE YEAR	\$ (1,688,963)
BOND RESERVE AS OF 01/01/23	805,000
LOCAL GOVT INVEST POOL	9,654,836
GENERAL FUND BANK ACCOUNT	540,164
CASH AS OF 01/01/23	11,000,000
CASH AT THE END OF THE YEAR - 2023	\$ 9,311,037

FIVE-YEAR RATE FORECAST (total, weighted)	6.68%				
	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Annual Increase % - Weighted Average	6.67%	6.67%	6.68%	6.68%	6.68%
General %	7.00%	7.00%	7.00%	7.00%	7.00%
R&R %	6.00%	6.00%	6.00%	6.00%	6.00%
Combined Debt Coverage Ratio (target 2.0)	2.23	2.41	2.38	2.59	2.64
Debt Issues (Gross)	5,000,000	2,000,000	5,300,000	2,000,000	2,500,000
WIFIA Borrowing	0	4,117,286	3,697,356	3,555,011	1,978,410
Total Ending Cash Balances	9,311,037	7,431,359	10,201,736	10,458,759	13,212,991
Days of Operating Expenses (180 target)	380	303	411	408	499
Average Bi-Monthly Bill of 5/8" Mtr w/ 1500cf	\$ 56.67	\$ 60.30	\$ 64.17	\$ 68.29	\$ 72.68
Bi-Monthly Bill Difference 1500cf	\$ 3.42	\$ 3.64	\$ 3.87	\$ 4.12	\$ 4.39

****WIFIA Borrowing assumes more than just borrowing for PFAS/PFOA project and aggregates a number of projects**

2023 DRAFT BUDGET –
CAPITAL PROJECTS
(SUMMARY)

2023 Capital Improvement R&R and Source and Supply Projects--Summary

					Project Classification			
Project Class	Operations	Project Subtotal	Overhead	Project Total	Total	Capital	Total	R & R
Carry Over - Operations Capital and R & R								
	Naionilawn - Carryover from 2022	1,000,000	50,000	\$ 1,050,000			\$	1,050,000
	Washington Blvd - Carryover	1,300,000	65,000	\$ 1,365,000			\$	1,365,000
	Design Expenses from 2022 - Carryover	300,000	15,000	\$ 315,000			\$	315,000
New Operations Capital and R & R Projects								
	Hipkins Road - New (schedule w/ the City of Lakewood)	650,000	32,500	\$ 682,500			\$	682,500
	Ardmore Ave - Optional \$300,000	-	-	\$ -				
	Steilacoom Lake Dr - New	850,000	42,500	\$ 892,500			\$	892,500
	Front Street (Bidding in October to see where projects are at) - New	1,500,000	75,000	\$ 1,575,000			\$	1,575,000
	Steilacoom Lake Blvd - 83rd to Whitman (800,000) - Optional	-	-	\$ -				
	Design Expenses for 2024 - R&R/Capital Projects (4.3 million @ 15% Eng. Cost) minus Carryover	345,000	17,250	\$ 362,250			\$	362,250
	Scotts Well Site Improvements - Carryover - Estimate \$820,000 Grant Funded	820,000	41,000	\$ 861,000	\$	861,000		
	Scotts Well Site Improvements - Carryover - Grant Funding	(700,000)		\$ (700,000)	\$	(700,000)		
	Lead Service Line Inventory (Investigating for Potential Grant Funding)	100,000	5,000	\$ 105,000	\$	105,000		
	Total Capital and R&R Projects	\$ 6,165,000	\$ 343,250	\$ 6,508,250	\$	266,000	\$	6,242,250
					Project Classification			
Project Class	Pumping and Engineering	Project Subtotal	Overhead	Project Total	Total	Capital	Total	S & S
Capital Projects Pumping and Water Quality / Engineering and Source and supply								
Capital	PFOA/PFAS Mitigation Projects (has \$1.82 million in grant funding offset costs)	864,000	43,200	\$ 907,200	\$	907,200	\$	-
Capital	Carryover Projects	640,000	32,000	\$ 672,000	\$	672,000	\$	-
Capital	Storage and Seismic Upgrades	398,500	19,925	\$ 418,425	\$	418,425	\$	-
Capital	Source and Supply Projects	902,500	45,125	\$ 947,625	\$	947,625	\$	-
Capital	Treatment Projects	397,000	19,850	\$ 416,850	\$	416,850	\$	-
	Total Capital Pumping and Engineering	3,202,000	320,200	\$ 3,362,100	\$	3,362,100	\$	-
					Project Classification			
Project Class	General	Project Subtotal	Overhead	Project Total	Total	Capital	Total	S & S
Planning, Legal, General Facilities, Vehicles								
General								
Capital	PFOS PFOA Legal Proceedings (incl. Marten Law)	560,000	28,000	\$ 588,000	\$	588,000	\$	-
Capital	Perfection of Water Rights; Extension of Abitibi Use (Tom Pors and PGG)	45,000	2,250	\$ 47,250	\$	47,250	\$	-
Capital	PFOA/PFAS Funding (incl. Gene Peterson)	25,000	1,250	\$ 26,250	\$	26,250	\$	-
Capital	WIFIA Loan Application	120,000	6,000	\$ 126,000	\$	126,000	\$	-
Capital	Mural for LWD History	35,000	1,750	\$ 36,750	\$	36,750	\$	-
	Total Capital - General	785,000	39,250	\$ 824,250	\$	824,250		
Capital IT and security								
Capital	Update Office Network Cables	65,000	3,250	\$ 68,250	\$	68,250	\$	-
Capital	Laptops, Computers, Firewalls, etc.	41,575	2,079	\$ 43,654	\$	43,654	\$	-
	Total Capital IT and Security	106,575	5,329	\$ 111,904	\$	111,904	\$	-

Vehicles and Equipment Capital expenses						
Capital	Tools	28,500	1,425	\$ 29,925	\$ 29,925	\$ -
Capital	Building and Yard Expenses Paving and Drainage	75,000	3,750	\$ 78,750	\$ 78,750	\$ -
M&O	Purchase Backhoe (Gross)	170,000	8,500	\$ 178,500	\$ 178,500	\$ -
M&O	Annex Upgrades for On-call residency	-	-	\$ -	\$ -	\$ -
Capital	Ten Year Master Plan for Office Facility	25,000	1,250	\$ 26,250	\$ 26,250	\$ -
Capital	Annual Vehicle Replacement Program	198,900	9,945	\$ 208,845	\$ 208,845	
	Total Capital Vehicles and Equipment and Facilities	497,400	24,870	522,270	522,270	-
	Total of all Capital expenses, R & R and Source and Supply	\$ 10,755,975	\$ 732,899	\$ 11,328,774	\$ 5,086,524	\$ 6,242,250

**2023 DRAFT BUDGET –
CAPITAL PROJECTS
(SUPPORTING DOCUMENTS)**

Capital Improvements Work Sheet (w/o Overhead)

Project Class	Operations And Construction - 2023	Project Total	Project Classification			
			Total	Capital	Total	R & R
R & R	Naiomilawn - Carryover from 2022	\$ 1,000,000.00			\$ 1,000,000	
R & R	Washington Blvd - Carryover	\$ 1,300,000.00			\$ 1,300,000	
R & R	Hipkins Road - New (schedule w/ the City of Lakewood)	\$ 650,000.00			\$ 1,300,000	
R & R	Ardmore Ave - Optional \$300,000	\$ -			\$ -	
R & R	Steilacoom Lake Dr - New	\$ 850,000.00			\$ 850,000	
R & R	Front Street (Bidding in October to see where projects are at) - New	\$ 1,500,000.00			\$ 1,500,000	
R & R	Steilacoom Lake Blvd - 83rd to Whitman (800,000) - Optional	\$ -			\$ -	
R & R	Design Expenses for 2024 - R&R/Capital Projects (4.3 million @ 15% Eng. Cost) minus Carryover	\$ 345,000.00			\$ 345,000	
Capital	Design Expenses from 2022 - Carryover	\$ 300,000.00			\$ 300,000	
Capital	Scotts Well Site Improvements - Carryover - Estimate \$820,000 Grant Funded	\$ 820,000.00			\$ 820,000	
Capital	Scotts Well Site Improvements - Carryover - Grant Funding	\$ (700,000.00)			\$ (700,000)	
Capital	Lead Service Line Inventory (Investigating for Potential Grant Funding)	\$ 100,000.00			\$ 100,000	
Capital	Tools	\$ 28,500.00	\$ 28,500		\$ -	
Capital	Building and Yard Expenses Paving and Drainage	\$ 75,000.00	\$ 75,000		\$ -	
Capital	Purchase Backhoe (Gross)	\$ 170,000.00	\$ 170,000		\$ -	
Capital	Annex Upgrades for On-call residency	\$ -			\$ -	
Capital	Ten Year Master Plan for Office Facility	\$ 25,000.00	\$ 25,000		\$ -	
	Total Capital and R&R Projects 2023	\$ 6,463,500	\$ 298,500		\$ 6,815,000	

Capital Improvements Work Sheet

Project Class	Pumping Department - 2023	Portfolio	Project Category	Wholesale, Joint Facility, or District?	Project Total	Notes
PFOA/PFAS Mitigation Projects (has \$1.82 million in grant funding offset costs)						
	G-4 Well (New Well)	Supply	Expansion	JF	\$ 906,000.00	Design and Drill E-level Well in 2023; equip in 2024
	GRANT FUNDED				\$ (906,000.00)	
	R-2 Well Equipping (New Well)	Supply	Expansion	JF	\$ 295,000.00	Equip in 2023; Includes \$397,000 from 2022 Budget
	R-2 Well Equipping - Carryover				\$ 395,000.00	
	K-3 Well (New Well)	Supply	Expansion	JF	\$ 906,000.00	Design and Drill E-level Well in 2023; equip in 2024
	GRANT FUNDED				\$ (906,000.00)	
	O-2 Well (Replacement Well)	Supply	Replacement	JF	\$ 87,000.00	Design Well in 2023; Drill E-level Well in 2023; equip in 2024
	O-3 Well (Replacement Well)	Supply	Replacement	JF	\$ -	Design and start Drilling E-Level Well in 2024; Finish drilling in 2024 and equip in 2025
	I-3 Well (Replacement Well)	Supply	Replacement	JF	\$ 87,000.00	Design Well in 2023; Drill E-level Well in 2023; equip in 2024
	U-1 Well (Replacement Well)	Supply	Replacement	JF	\$ -	Design and Drill G-level Well in 2025; equip in 2026
				Subtotal	\$ 864,000.00	
Carryover Projects						
	FEMA Seismic and Generators Upgrades	Supply	Resiliency	JF	\$ 150,000.00	2022 Budget Rollover
	Abitibi Well Evaluation	Supply	Expansion	JF	\$ 150,000.00	2022 Budget Rollover; 1/2 in 2022, 1/2 in 2023
	Expand Capacity and Replace F-2 Well Pump/Motor	Supply	Replacement	JF	\$ 175,000.00	Included in 2022 Budget, pump/motor cost
	Expand Capacity and Replace P-2 Well Pump/Motor	Supply	Replacement	JF	\$ 165,000.00	Included in 2022 Budget, pump/motor cost
				Subtotal	\$ 640,000.00	
Storage and Seismic Upgrades						
	Wash Blvd Seismic (Design)	Storage	Resiliency	JF	\$ 138,000.00	Added 10% for cost escalation; design only
	104th & Bridgeport Seismic (Design)	Storage	Resiliency	JF	\$ 100,500.00	Added 10% for cost escalation; design and construction
	Vents at Oakbrook and Farwest	Storage	Compliance	JF	\$ 20,000.00	District forces, parts and lift rental
	Nyanza CP System	Storage	Renewal	JF	\$ 50,000.00	*Need info from Jeremy
	Shake Monitor Sensors	Supply	Resiliency		\$ 90,000.00	2 sites, locations TBD
				Subtotal	\$ 398,500.00	
Source and Supply Projects						
	Replace Well Pumps and Motors/Main Breaks	Supply	Replacement		\$ 300,000.00	2 Unanticipated Replacements
	WBPS1 - Pump 1 Rebuild	Pumping	Renewal	W	\$ 25,000.00	Need info from PumpTech
	Inspect/Rehab E-3	Supply	Renewal	D	\$ 60,500.00	Includes 10% cost escalation
	Inspect/Rehab H-1 & H-2	Supply	Renewal	JF	\$ -	Includes 10% cost escalation (defer to 2024)
	104th & Bridgeport Generator	Supply	Resiliency	JF	\$ 200,000.00	Need quote
	Supply and Pump Structure Maintenance	Supply	Renewal		\$ 10,000.00	Estimate - roof repairs, etc.

Source Meter Replacements (2/yr)	Supply	Replacement		\$ 15,000.00	Includes 10% cost escalation
Motor Starter and Drive Rebuilds (4/yr)	Supply	Replacement		\$ 6,000.00	Includes 10% cost escalation
Steilacoom Blvd BPS VFD	Supply	Expansion	JF	\$ 60,000.00	Purchased and installed pump in 2022, install VFD
Control Valve Maintenance (5/yr)	Supply	Renewal		\$ 50,000.00	Includes 10% cost escalation
Camera Installation - 4 Sites (Bridgeport, Oakbrook, American Lake Gardens, 88th and Pine)				\$ 100,000.00	
Software - WinCC licenses (Segment S&B Network for Cybersecurity Purposes)				\$ 6,000.00	
SCADA Server Updates and Reliability Improvements				\$ 70,000.00	S&B Working on quote
Subtotal				\$ 902,500.00	

Treatment Projects

Ponders GAC Media Replacement	Treatment	Consumable	JF	\$ -	Per Engineering Analysis, can defer until 2024; budgeted in 5-year 2023 (use funding for PFOA/PFAS)
A TEC Media Replacement at Deepwood and Angle	Treatment	Consumable	D	\$ 50,000.00	Need quote
Scotts site security/fencing	Treatment	Resiliency	JF	\$ 75,000.00	Just for west property line along Sound Transit
Chlorine Generator Replacements (2/yr)	Treatment	Replacement		\$ 240,000.00	Includes 10% cost escalation
CL2 Sensor Replacement (4/yr)	Treatment	Replacement		\$ 7,000.00	Includes 10% cost escalation
Replace Cl2 Analyzer (4/yr)	Treatment	Replacement		\$ 25,000.00	Includes 10% cost escalation

Subtotal **\$ 397,000.00**

Total Pumping Dept Capital Project				\$ 3,202,000	
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Capital Improvements Work Sheet

Project Class	General Capital Expenditures	Project Subtotal	Project Classification		
			Total	Capital	Total Other
	PFOS PFOA Legal Proceedings (incl. Marten Law)	560,000	\$ 560,000	\$	-
	Perfection of Water Rights; Extension of Abitibi Use (Tom Pors and PGG)	45,000	\$ 45,000	\$	-
	PFOA/PFAS Funding (incl. Gene Peterson)	25,000	\$ 25,000	\$	-
	WIFIA Loan Application	120,000	\$ 120,000	\$	-
	Mural for LWD History	35,000	\$ 35,000	\$	-
	Total General Projects 2023	\$ 785,000	\$ 785,000	\$	-

Capital Improvements Work Sheet

Project Class	IT/OFFICE	Project Total	Project Classification		
			Total	Capital	Total Other
	Update Office Network Cables	65,000	\$ 65,000	\$	-
	Laptops, Computers, Firewalls, etc.	41,575	\$ 41,575	\$	-
	Total IT/Office Projects 2023	\$ 106,575	\$ 106,575	\$	-

Capital Improvements Work Sheet

Project Class	Vehicle Replacement 2023	Project Total	Vehicles Cost and Return		
			Total	Capital	Total Other
	New Vehicles				
2023	Ford E-350 Cab Chassis + Box	\$ 75,000.00	\$ 75,000		\$ -
2023	Ford F-150 Ext-cab	\$ 41,000.00	\$ 41,000		\$ -
2023	Crane for Chlorine Trk	\$ 36,000.00	\$ 36,000		\$ -
2023	Ford Explorer	\$ 41,000.00	\$ 41,000		\$ -
	MISC Cost to get Vehicles in to Service				
	Decals, Registration, Warning Lights	\$ 487.00	\$ 487		\$ -
	Radio Uninstall and re-install (\$1,700 per) Three Each	\$ 5,100.00	\$ 5,100		\$ -
	New Radio If Needed (1,200.00) No New Radios This round	\$ -	\$ -		\$ -
	Dispose of Vehicles, Remove Decals Transfer Tools, Clean Hours Per at \$ 52.20 = \$313.30 per (Sandy)	\$ 313.20	\$ 313		\$ -
	Estimated Return Surplus Value				
#25	Estimated Return From Auction E-350 Cab and Chassis 76,000 Miles	\$ (13,000.00)			\$ (13,000.00)
#31	Estimated Return From Auction Ford F-150 Ext Cab 74,288 Miles	\$ (10,000.00)			\$ (10,000.00)
#32	F-150 Ext Cab	\$ (10,000.00)			\$ (10,000.00)
#27	Explorer	\$ (9,000.00)			\$ (9,000.00)
#36	F-150 Ext Cab 74288 Miles	\$ (7,000.00)			\$ (7,000.00)
	Total Vehicles	\$ 149,900	\$ 198,900		\$ (49,000)

**Forecast of District Capital Improvement and R&R Projects for
2023-2028**

Please note: 5 year forecast is for establishing minimum capital expenditures, and will vary in comparison to the individual capital budgets for the current year. Prices are estimates

		Capital	R&R
2023			
R & R	Naomilawn (Carry Over)		\$ 1,050,000.00
R & R	Washington Blvd City Project Carry Over		\$ 1,365,000.00
R & R	Hipkins Road City Project		\$ 682,500.00
R & R	Steilacoom Lake Dr		\$ 892,500.00
R & R	Front Street 92nd to 96th		\$ 1,575,000.00
R & R	Design Expenses For R & R 2024 Could go down with COL projects 4.3x15%=\$645,000		\$ 362,250.00
Capital	Scotts Well Site Improvements Carry over Estimate 820,000 grant funded	\$ 861,000.00	
Capital	Scotts Well Site Improvements Carry Over Grant Funding	\$ (700,000.00)	
R & R	Engineering Expense 2022 Carry Over		\$ 315,000.00
Capital	Lead Service Line Inventory	\$ 105,000.00	
Capital	Annual Vehicle Replacement	\$ 208,845.00	
Capital	Tools - Capital	\$ 29,925.00	
Capital	Paving for New Building	\$ 78,750.00	
Capital	Purchase New/Used Backhoe	\$ 178,500.00	
Capital	Annex Upgrades	\$ -	
Capital	Ten Year Master Plan Update	\$ 26,250.00	
Capital	PFAS/PFOA Legal Proceedings	\$ 588,000.00	
Capital	Perfection of Water Rights	\$ 47,250.00	
Capital	PFAS/PFOA - Funding (Peterson Resources)	\$ 26,250.00	
Capital	WIFIA Loan Application	\$ 126,000.00	
Capital	IT / Office (incl. Upgrade of Office Network Cables)	\$ 111,904.00	
Capital	Mural for LWD History	\$ 36,750.00	
Capital	PFAS PFOA Mitigation Projects	\$ 2,725,200.00	
	Grant Funding Secured Congressional appropriation	\$ (1,818,000.00)	
Capital	Pumping Carry Over 2022 (2x Pump and Motor, Abitibi Eval, Seismic Upgrades)	\$ 672,000.00	
Capital	Storage and Seismic upgrades (Wash Blvd 104 Seismic Design Cathodic Protection Nayanza, Shake Alert)	\$ 418,425.00	
Capital	Source and Supply Projects (See Pumping detail)	\$ 947,625.00	
Capital	Treatment Projects (2 chlorine generator replacement Atec media, Booster Station One Booster Pump Rebuild)	\$ 416,850.00	
2023 Total		\$ 5,086,524	\$ 6,242,250
		Total	\$ 11,328,774

2024

R&R	Annual Water Main Replacement Program/Capital Projects		\$ 4,739,959
Capital	Capital Projects (MISC)	\$ 325,000	
R&R	Annual Vehicle Replacements	\$ 130,000	
Capital	Legal Fees	\$ 100,000	
Capital	IT and Office	\$ 150,000	
Capital	Facilities Maintenance	\$ 50,000	
Capital	PFAS PFOA Mitigation Projects	\$ 4,751,000	
Capital	Storage and Maintenance Programs	\$ 1,349,500	
Capital	Source and Supply Projects	\$ 588,000	
Capital	Pumping Treatment Projects	\$ 697,000	
2024 Total		\$8,140,500	\$4,739,959
			\$12,880,459

2025

R&R	Annual Water Main Replacement Program/Capital Projects		\$ 4,179,183
Capital	Annual Vehicle Replacement Program	\$ 130,000	
Capital	Purchase New/Used Vector Truck	\$ 450,000	
Capital	Facilities Maintenance	\$ 50,000	
Capital	Capital Projects (MISC)	\$ 325,000	
Capital	Legal Fees	\$ 100,000	
Capital	IT and Office	\$ 150,000	

**Forecast of District Capital Improvement and R&R Projects for
2023-2028**

Capital	PFAS PFOA Mitigation Projects		\$	3,686,000	
Capital	Storage and Maintenance Programs		\$	867,000	
Capital	Source and Supply Projects		\$	1,042,000	
Capital	Treatment Projects		\$	177,000	

2025 Total

\$6,977,000 **\$4,179,183**
 GT **\$11,156,183**

2026	R&R	Annual Water Main Replacement Program/Capital Projects			\$	4,179,183
	Capital	Annual Vehicle Replacement		\$	130,000	
	Capital	Equipment Replacement		\$	120,000	
	Capital	Legal Fees		\$	100,000	
	Capital	IT and Office		\$	150,000	
	Capital	Facilities Maintenance		\$	50,000	
	Capital	Capital Projects (MISC)		\$	325,000	
	Capital	PFAS PFOA Mitigation Projects		\$	1,844,000	
	Capital	Storage and Maintenance Programs		\$	1,390,000	
	Capital	Source and Supply Projects		\$	1,532,000	
	Capital	Treatment Projects		\$	872,000	

2026 Total

\$6,513,000 **\$4,179,183**
 GT **\$10,692,183**

2027	R&R	Annual Water Main Replacement Program/Capital Projects			\$	4,179,183
	R&R	Annual Vehicle Replacement		\$	130,000	
	Capital	Replace 60G Excavator		\$	200,000	
	Capital	Legal Fees		\$	100,000	
	Capital	IT and Office		\$	150,000	
	Capital	Facilities Maintenance		\$	50,000	
	Capital	Capital Projects (MISC)		\$	325,000	
	Capital	PFAS PFOA Mitigation Projects		\$	-	
	Capital	Storage and Maintenance Programs		\$	1,307,000	
	Capital	Source and Supply Projects		\$	1,080,000	
	Capital	Treatment Projects		\$	177,000	

2027 Total

\$3,519,000 **\$4,179,183**
 GT **\$7,698,183**

2028	R&R	Annual Water Main Replacement Program/Capital Projects			\$	4,179,183
	R&R	Annual Vehicle Replacements		\$	130,000	
	Capital	Legal Fees		\$	100,000	
	Capital	IT and Office		\$	150,000	
	Capital	Facilities Maintenance		\$	50,000	
	Capital	Capital Projects (MISC)		\$	325,000	
	Capital	PFAS PFOA Mitigation Projects		\$	-	
	Capital	Storage and Maintenance Programs		\$	2,500,000	
	Capital	Source and Supply Projects		\$	2,267,000	
	Capital	Treatment Projects		\$	697,000	

2028 Total

\$6,219,000 **\$4,179,183**
 GT **\$10,398,183**



Operations Manager's Report
November 17, 2022
Board of Commissioners Meeting

OPERATIONS

WORK ORDERS & PM'S

361	Billing/Office Field Service Orders
00	Field Service Orders
00	Fleet Service Orders
361	Total Service Orders

DELINQUENT ACCOUNTS – Debbie

91	Delinquent Accounts
16	Paid on Door Hangers or on Disconnect
70	Services Disconnected
65	Paid on Disconnect
5	Remained Disconnected at the end of the month

LOCATES- Debbie

240	Locate Requests Received
15	Requests were out of LWD Service Area
00	Locates were submitted by LWD
02	Cancelled Locates
223	Locates Completed
223	Total amounts owed

Right of Way Permit: 0

Water Availability Letters: 9

10/17/2022	BLUESTAR MGMT SVS	9018 LAWDALE AVE SW	10/19/22	\$ 130.00				R/NEW CONST
10/18/2022	HAM GARAGE/STORAGE	11808 NYANZA RD SW		\$ 130.00				R/ADDITION
10/19/2022	LUNCGREN ADDITION	6721 ALFRETTA ST SW	10/25/22	\$ 130.00				R/ADDITION
10/19/2022	WOODBROOK APTS	6411 150TH ST SW	10/26/22	\$ 130.00				R/NEW CONST
10/20/2022	MAUREEN MURUGI	8610 92ND ST SW	10/25/22	\$ 130.00				R/REMODEL
10/26/2022	GOAT HOUSE/LAKEWOLD	12317 GRAVELLY LK DR SW		\$ 130.00				R/NEW CONST
10/26/2022	CARRIAGE HSE / LAKEWOLD	12317 GRAVELLY LK DR SW		\$ 130.00				R/REMODEL
10/27/2022	KEN SLEEGER ADU/GARAGE	8721 DOLLY MADISON ST SW		\$ 130.00				R/REMODEL/ADDITION
10/27/2022	BOAT HOUSE	10808 MEADOW RD SW		\$ 130.00				R/REMODEL

MAINTENANCE

Bobby Gaskin – Department Head

NEW SERVICES:

11 1”x 5/8” & 1- 1” x 1” for a total of 12 @ Woodland Estates
01 2” X 2” @ 7703 59TH Ave W

MAINS MAINTENANCE

Replaced 30” of 8” AC with PVC watermain and relocated a hydrant on T & M @ 8101 North Thorne Ln SW

JOBS

Job # 833 Woodland Estates completed 850’ 8” DIP main, 1- Fire hydrant assembly with control 6” gate valve & 3- 8” mainline control gates.

SERVICE MAINTENANCE

None to report this month

VALVE MAINT.

Program re starting in November and will run through the end of the year.

VALVE OPERATION CHECKS

Restarting in November and running through the end of the year

HYDRANT MAINTENANCE

Restarting in November and Continuing through the end of the year.

HYDRANT REPLACEMENT:

None to report this month.

METER MAINT.

None to report This month

FLUSHING SEASON:

Cancelled due to PFOS in Oakbrook

LEAK DETECTION REPAIR

None to report this month

GROUND MAINT.

None to report this month

CITY FRANCHISE PROJECTS

None to report this month

OPEN METER BOX CHECKS

606 for this month

IDLE METER CHECKS

None to report this month

TRAINING:

None to report this month

CAPITAL & R & R PROJECTS – Operations Manager Projects

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

10-6-2022: Still working with the City to see where the calculations came from that they presented us with earlier. Once the calcs are at a stage we can agree to then the permit will be issued, and we can look to get this on the schedule for bid.

11-1-2022 The City has reissued a permit for this project with fees totaling \$17,000 dollars this is better than the fees initially calculated but still higher than we have ever seen on an

R & R project. Perhaps this is something that we could address with the City council during the district City workshop, but I will leave this in the hands of the GM and Board.

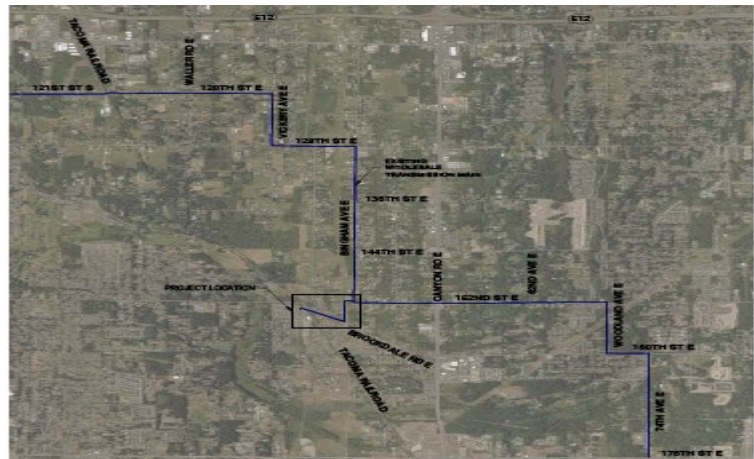


Spanaway Spur Project – WTME connection # 777

10-6-2022: We have had the Pre-Con a couple of details came out of that that we have since remediated. The Project is started to kick of on the 17th of October on Brookdale, and we are anticipating 2 weeks down there with another 2 weeks taking the main up through the private Easements that we acquired. We have confirmed with Consolidated that all of the materials are here, with the exception of the vault lid which will not be available until the 3rd week of October. We feel comfortable going in that we will be able to meet the project deadline, and that the water will be on to Spanaway by the end of the year.

Continued next page

11-1-2022 This project has been underway since the 17th of October. The main is being installed on Brookdale at night, and on the private easement during the day. We have had a few issues along the way but not bad in general, we ran in to an alignment issue with the Tacoma Power High voltage poles; they were not buried more than 6' so we were scheduled to dig in front of them, but Tacoma power is telling us that that would require an \$11,000.00 per night pole holding fee for the 2 nights that we would be working around them. We have adjusted our alignment to avoid the poles and move out in the street further, this will cost more in restoration, but less than the pole holding and the delay to make for those arrangements. We lost a night last night but will be back on track tonight.



LWD Steel Building Project #0806:

10-6-2022: The power drop was placed yesterday, and the new power meter in installed, the only thing holding up occupancy is light fixtures in the building, and the final electrical inspection. We are anticipating by the end of the month we will have use of the building.

11-1-2022 The final inspection is complete, and a small punch list has been given to the contractor we anticipate they will complete this this week. We will be installing some shelving and them moving in hopefully this week or next.



Engineering Manager's Report
November 17, 2022
Board of Commissioners Meeting

Source of Supply Operations

1. Total demands are approximately 11 million gallons per day, including roughly 4 million gallons a day to wholesale partners.
2. 85 percent of total supply capacity is online; 12 percent is offline due to PFAS, 3 percent is offline due to mechanical issues.
 - a. Mechanical Issues - We are continuing to work with the supplier to diagnose the N-3 pump and motor's cause of failure.
 - b. PFAS - I-3, O-2, O-3, and U-1 wells out of service due to PFAS.

Maintenance

1. Field crews continue to work on preventative maintenance tasks.
2. Completed monthly lake and stream monitoring tasks, which support our water rights perfection process.

Capital Projects

1. The N-1 replacement motor was installed and has been running strong since August. The N-3 Well motor is still being diagnosed at the supplier's facility.
2. R-2 Well Drilling
 - a. Development activities at the new R-2 Well were completed and measured performance of the well was improved from the previous efforts completed in May. Final evaluation is still being completed, but the hydrogeologist believes we can count on a flow rate of 500 gpm from the well and it can run at the same time as the R-1 Well. We are moving forward with selecting a pump and related equipment to complete the well facility. Additional budget to complete construction is included in the draft budget for 2023.
 - a. Holt Services has finished drilling the well to a depth of 600 feet.
 - b. Started with 24-inch diameter casing, driven to approximately 100 feet depth; 20-inch casing was installed to an approximate depth of 300 feet, the remaining is 16-inch casing.



Completed R-2 Wellhead

3. Holt Services has mobilized at our F-2 Well at the 104th and Bridgeport Ave site to clean and redevelop that well. Previous studies indicate this well may be able to increase production. In addition, this well equipment has been in service since 1982, far exceeding its anticipated service life.
4. Redevelopment and expansion of the P-2 Well will take place after rehabilitation of the F-2 Well. These projects will accomplish two goals – expanding our supply capacity and replacing two of the District’s oldest remaining pumps and motors. If successful, we will be able to produce more water from these sources as was the case for the S-2 Well.
5. Emergency Generators and Well Improvements project –
 - a. Contract was awarded to Pape & Sons at the March 17, 2022, Board Meeting.
 - b. Site work including flexible couplings on the well piping began in October and now complete for four of the five sites.
 - c. Generators are suffering from supply chain issues and are currently anticipated to be delivered in August 2023.
6. Abitibi Well Evaluation
 - a. Two bids were received for this project on September 1, 2022. Holt Services was the low bidder and was awarded the contract. Work is anticipated to continue through December.
7. We continue to work with Senator Murray’s office and EPA regarding the grant funds we’ve received for two new groundwater wells to help offset the sources impacted by PFAS. EPA, who is administering the funds, has published its final guidelines on the program. Based on the final guidelines, the District may be eligible for a waiver of the cost-share requirements and is being explored further. These funds will be used for the proposed K-3 and G-4 Wells. To meet the Federal funding requirements proposals for some historical preservation and environmental studies were solicited, reviewed, and scored. Based on the scoring, two firms were selected to proceed with contract negotiations and to perform the required studies. The cost of the studies will be tracked to the project so that it can be reimbursed or counted towards any cost-share component.
8. Department of Commerce review continues the four grant applications that were submitted for five new wells to the Washington State Department of Commerce’s Defense Community Compatibility Account program. The total amount requested was approximately \$12.27 million for construction of the O-2, O-3, I-3, K-3, and G-4 Wells.
9. ARPA program (America Rescue Plan Act) - Pierce County
 - a. Pierce County has completed their review of project proposals for their cost-match program using ARPA funds. Unfortunately, the District’s proposal for a well at the hospital was not selected for funding.
10. We are completing applications through the State Department of Health’s Drinking Water State Revolving Fund process. Grant funding from the Investing in Infrastructure and Jobs Act (IIJA) will be awarded through this program. Applications will be submitted for five wells at four sites.

Water Quality

Operations

1. The field crew completed monthly water quality samples.
2. Over 100 water samples were taken for PFAS testing in October and early November, which is our largest month for PFAS monitoring throughout the system.
3. We continue to monitor PFAS levels through our GAC treatment vessels and are continuing to get good removal and longevity. We anticipate replacing the GAC filter media in 2024.

Maintenance

1. Field crews continue to work on preventative maintenance tasks.

Capital Projects

1. Scotts well site treatment project - Both treatment facilities have gone through startup and are in operation.
2. EPA released its guidance document on how to conduct a lead service line inventory in early August. Water systems need to complete an inventory of our service lines by October 26, 2024. We are working on a strategy to complete our inventory in a cost-effective manner. One challenge facing the District is that we predominantly have galvanized steel water service lines. EPA's rule considers a galvanized service line downstream of a leaded gooseneck as a "lead service line." We have found some rare instances of leaded goosenecks, but not consistently, and we are required to show that we've investigated or otherwise determined through an EPA approved approach that a service line is not leaded.

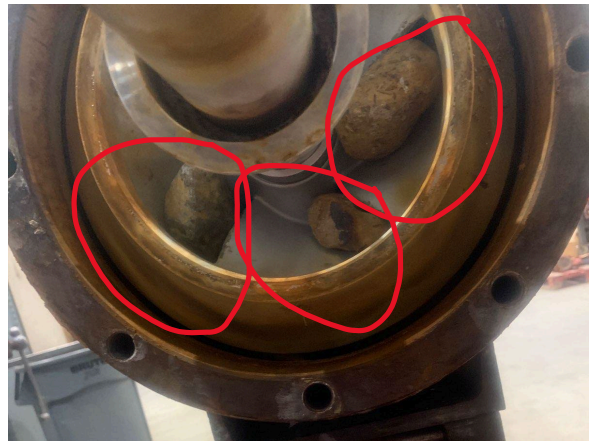
Pumping

Operations

1. 100 percent of pump station capacity is online. Wholesale pump stations are supplying approximately 4 MGD.

Maintenance

1. Field crews continue to work on preventative maintenance tasks.
2. At Wholesale Booster Pump Station 1, PumpTech is continuing their work to repair one pump with rocks lodged in the impeller. We anticipate other pumps at this station are in a similar state and will be inspected and repaired in a sequence that does not decrease our flow capacity from the station.



Picture of rocks wedged in impeller vanes of BPS1 Pump

Capital Projects

1. ShakeMonitor sensors for the Steilacoom Boulevard site have been ordered and are currently anticipated to arrive in December. Installation will not require interruption of service to any of our facilities. The sensors will detect and report the structural condition of each of the three buildings and the tank. This information will be accessible remotely so that staff can be dispatched efficiently throughout the system where the largest needs are following an earthquake.

Storage

Operations

1. 88 percent of storage capacity is online. The only storage offline is in the Steilacoom Boulevard Tank, which is being drained for a minor repair and will be returned to service later this month.

Maintenance

1. Field crews continue to work on preventative maintenance tasks.

Capital Projects

1. Steilacoom Boulevard Tank Seismic Retrofits
 - a. The Steilacoom Boulevard Seismic Retrofit project is completed. Some internal maintenance is required for the tank and will be completed by District staff. The issue is related to the original design of the tank's inlet and outlet piping and will take less than one day to resolve. The tank will be filled again immediately following the work.



Tank with shell stiffeners around exterior; with intermediate and topcoat in progress, with topcoat nearly complete (Left to Right).



IT Manager's Report
October 10, 2022
Board of Commissioners Meeting

CYBER SECURITY UPDATE

There is 1 minor Cyber Security Issue to report.

- All Penetration Testing results for October came back with zero findings.
- The September Spam testing campaign resulted in 1 employee clicking on the test link. The employee has completed mandatory training.
- All operations networks are patched up to date and report no suspicious activity.
- All production devices and networks are patched up to date and reporting no suspicious activity.
- No user accounts have been flagged for suspicious activity.
- No malware has been detected on District equipment.

TECHNOLOGY UPDATE

ElementsXS

The ElementsXS Asset Management installation and conversion continues. PM (Preventative Maintenance) migration for the pumping department is complete, training of for Pumping staff will occur soon. Focus now moves to the Caselle Integration and historical data from Lucity. Novotx (ElementsXS Developer) has completed their portion of the integration. We are still waiting on Caselle to complete changes to accommodate the Elements integration.

CELL TOWER UPDATE

Dish has the final agreements for signature. Working on amendments for AT&T and T-Mobile.

CROSS CONNECTION UPDATE

439	Assemblies Tested
03	New Applications
10	New Installations
03	Assemblies Replaced
18	Repairs
01	Removals
4651	Existing installations permitted
439	Test Reports Completed & Entered
06	Disconnects for non-compliance

DRAFT AMENDMENT RESOLUTION B-1476 (see attached).

LAKWOOD WATER DISTRICT
RESOLUTION NO. B-1476

A RESOLUTION of the Board of Commissioners of the Lakewood Water District, Pierce County, Washington updating the District's Cross Connection Control Program pursuant to Washington Administrative Code 246-290-490 and the most recent edition of the Pacific Northwest Section-American Water Works Association's (PNWS-AWWA) Cross Connection Control Manual ("Yellow Manual"); and superseding and rescinding Resolution No. B-1099, B-1287 & B-1432.

WHEREAS, Lakewood Water District ("District") is a Title 57 water district owning and operating a public water distribution system located in the Lakewood area of Pierce County, Washington; and

WHEREAS, the District has responsibility under Washington Administrative Code ("WAC") 246-290-490(1)(d) to protect the water distribution system from contamination by the adoption and implementation of a cross connection control program ("Program"), and the District Board of Commissioners has approved such a Program by the adoption of Resolution No. B-1287 on February 28, 1996; and the Program requires all cross connections to have approved backflow prevention devices on properties connected to the District's water system; and

WHEREAS, the District now desires to update the Program to comply with the requirements of WAC 246-290-490 as such has been modified, updated and amended, and the most recent edition of the Pacific Northwest Section-American Water Works Association's (PNWS-AWWA) Cross Connection Control Manual ("Yellow Manual"); and

WHEREAS, the City of Lakewood ("City") has the responsibility to protect in-premise water supply pursuant to the requirements of WAC 246-290-490 (1) (e) and Chapter 19.27 of the Revised Code of Washington ("RCW"); and

WHEREAS, the District and the City by interlocal agreement dated September 12, 2017 (the "ILA"), which is incorporated herein by this reference, agreed it was cost effective to avoid duplication of efforts by having the parties provide a single system for tracking, inspection, and approval of backflow prevention devices installed on properties connected to the District's water system, both in-premises and otherwise; and the parties in the ILA agreed District staff would perform the District's cross connection control program and the City's responsibilities to provide in-premise cross connection control; and

WHEREAS, the District now desires to update the Program to comply with the requirements of WAC 246-290-490, the most recent edition of the Yellow Manual, and incorporate the District's responsibilities as assumed under the ILA in the Program, such updated and comprehensive Program attached hereto as **Exhibit A** and incorporated herein in full by this reference (the "Updated Program"); and

WHEREAS, the Board of Commissioners desires to protect the health of water consumers and the District's potable public water system by establishing a cross connection control program; now, therefore,

BE IT RESOLVED by the Board of Commissioners of Lakewood Water District, Pierce County, Washington, as follows:

1. Any cross connection discovered in any part of the District's water system that, in the judgement of the General Manager and/or the **General Manager's designee**, could be a danger to the water quality, is hereby declared to be unlawful until a backflow prevention assembly is installed, inspected, and found to be in compliance with WAC 246-290-490, the Yellow Manual, and the ILA.
2. A system of issuance of permits, plan review fees, performance of testing, and inspection of all backflow prevention assemblies shall be, and is hereby established.
3. The Updated Program in the form attached hereto as **Exhibit A** is hereby approved and shall be applied to and used in all residential, commercial, and industrial developments within the District and the City.
4. As required in the Updated Program, the District requires the annual testing of all backflow prevention assemblies, subject to District notice, to be given to the property owner and/or occupier.
5. The District shall maintain a list of certified backflow device testers, approved by the State of Washington, but the inclusion of any tester on such list shall not be deemed a recommendation or a guarantee of the quality of the work of any such certified tester.
6. **The General Manager, and/or the General Manager's designee, are directed to prepare an inventory or list of all existing facilities located within the District and the City where they know cross connections exist or may exist; such cross connections shall be placed upon a priority list for correction beginning with those deemed to present the greatest danger to the public water supply.**
7. The General Manager, and/or the General Manager's designee, are directed to maintain a public education program consisting of pamphlets, letters, notices, and public meetings if necessary, to explain the necessity for the requirements, implementation, and maintenance of the Updated Program.
8. The General Manager, and/or the General Manager's designee, are charged with the responsibility of maintaining the Updated Program and keeping it current; any changes or additions to such Updated Program shall be approved by the Board of Commissioners by motion before such changes and additions take effect.

9. Any customer or property owner who refuses to comply or is otherwise non-compliant with this resolution, the Updated Program, WAC 246-290-490, or the Yellow Manual shall be advised their water supply will be disconnected if there is continuing failure to comply **compulsory tested by the District or their authorized representative at the customer or property owners' expense and disconnected if there is continuing failure to comply.**

10. All District resolutions, policies and procedures, including Resolution No. B-1287, are hereby modified, amended, rescinded and superseded to be in accordance with the foregoing.

Adopted by the Board of Commissioners of Lakewood Water District, Pierce County, Washington, at the regular open public meeting thereof held the **17th day of November 2022.**

Board of Commissioners

President, Commissioner

Vice President, Commissioner

Secretary, Commissioner

CROSS CONNECTION CONTROL
POLICY AND PROCEDURES
Exhibit A, Resolution No. B-1432-B-1476

The following are the policies and procedures for the Cross Connection Control Program of the Lakewood Water District (the District) in accordance with WAC 246-290-490 and the Pacific Northwest Section-American Water Works Association Cross Connection Manual (PNWS-AWWA “Yellow Manual”). These procedures shall be strictly followed unless the Lakewood Water District requires more stringent measures to be added in the best interests of LWD and/or in protecting the public water supply. Any variance from the procedures must have the consent of the Lakewood Water District Cross Connection Control Coordinator and/or General Manager ~~and Superintendent~~. The District General Manager reserves the right to change any part of this policy at any time if he/she feels it is conducive to the best interests of the District’s customers.

I. DISCONTINUATION OF WATER SERVICE FOR FAILURE TO COMPLY

The Lakewood Water District reserves the right to discontinue water service to any customer or property that refuses to comply or is otherwise non-compliant with Resolution No. ~~B-1432~~ B-1476, the State Board of Health Drinking Water Regulations, WAC 246-290-490 on Cross Connection Control, the PNWS-AWWA “Yellow Manual,” or when public safety is at risk pertaining to a known high hazard.

The District and the City of Lakewood, by a five-year interlocal agreement dated September 12, 2017, agreed it was cost effective to avoid duplication of efforts by having the parties provide a single system for tracking, inspection, and approval of backflow prevention devices installed on properties connected to the District’s water system, both in-premises and otherwise; and the parties in the ILA agreed District staff would perform the District’s cross connection control program and the City’s responsibilities to provide in-premise cross connection control.

There will be a \$150 charge for all plan reviews conducted by the District.

II. NEW CONSTRUCTION

All new construction (residential, business, commercial, industrial) shall be required to have an inspection by the District before occupancy will be given by the City of Lakewood Building Department. The District will assess the degree of hazard for each situation. This includes existing premises that are installing new fixtures, irrigation systems, etc. Once the permits are obtained, installation is complete, and backflow test reports submitted, the District will sign off on the project.

III. EXISTING PREMISES

The Lakewood Water District shall inspect existing premises in the following manner:

- (1) Commercial/Industrial facilities shall be contacted on a degree of hazard basis, beginning with the most dangerous known situations with a high potential for water contamination; and

- (2) Residential facilities shall be contacted if it has been established there is a potential cross connection on the premises, e.g., irrigation system, pool, or hot tub. Customers shall be contacted by the order of their account in the District's meter-reading routes.
- (3) Refusal to allow inspection will result in the automatic requirement of backflow protection at the service meter (premise isolation) to the extent deemed necessary by the District, at the customer's expense, within 20 days, or service shall be discontinued.

IV. APPLICATION OF BACKFLOW ASSEMBLIES

The Lakewood Water District reserves the right to decide how or where a backflow prevention assembly shall be installed. The District uses the standards explained in the most current edition of the PNWS-AWWA 'Yellow Manual.' Each facility is different, and it will be up to the discretion of the Cross Connection Control Program Coordinator and/or the General Manager ~~or Superintendent~~ how a particular hazard is addressed. Any exception to an approved installation will be documented in writing by the Cross Connection Control Coordinator.

V. ASSEMBLIES APPROVED FOR INSTALLATION

A backflow assembly is considered an approved assembly only if it appears on the list issued by the Washington State Department of Health Drinking Water Program. If it is not on this list, it is not an approved backflow prevention assembly and shall not be used. This list is updated annually and is available to be reviewed at the District for information purposes. Complimentary copies are available upon request; for multiple copies, there is a fee of 10 cents a page after the first 10 pages.

VI. INSTALLATION REQUIREMENTS FOR BACKFLOW ASSEMBLIES

A backflow prevention assembly shall be installed in compliance with the instructions that appear in the latest approved edition of the PNWS-AWWA Cross Connection Control Manual ("Yellow Manual"). Only the Lakewood Water District reserves the right to establish variances to this chapter, and any and all variances shall be on a case-by-case basis.

VII. TESTING PROCEDURES

If a backflow test report is filled out properly with all the information required by the Lakewood Water District, it shall be filed as a completed test report. It is up to the State of Washington to monitor and train the Certified Backflow Assembly Testers in the various test procedures available. The testing procedures shall be those methods that are approved and acceptable to the State Department of Health and the Lakewood Water District.

VIII. QUALIFICATIONS FOR BACKFLOW ASSEMBLY TESTERS

Only State-certified Backflow Assembly Testers may submit tests to the District. They shall also submit proof of possessing a current Certified Backflow Assembly Tester card (or other approved tester certification accepted by and recognized by the State Department of Health) for the calendar year in which they are testing. The current Certified Backflow Assembly Testers shall also show proof that the equipment being used to test has been calibrated within one year prior to the test they are submitting. If a Certified Backflow Assembly Tester cannot or will not meet these requirements, the test report will be returned

to the testers, and their customer will be notified.

IX. TESTING OF BACKFLOW ASSEMBLIES

All backflow prevention assemblies required by the District shall be tested annually at a minimum and upon installation or relocation and/or after repair. The District does not test any backflow assemblies. It is the customer's responsibility to sign up to participate in the District's Backflow Testing Program or hire a State-certified backflow assembly tester.

X. ANNUAL TESTING

The District shall send a letter at the beginning of the month to customers whose test is due. The test report is due by the end of the month or thirty (30) days from the date of the letter. If the test is not submitted, the District will send a second "reminder" letter. This letter shall allow fifteen (15) days to submit the test. If the test is still not submitted, the District shall place a 48-hour notice of compulsory testing door hanger at the service location. This letter will have a final due date. If the report still is not received by the District by the final due date, the District will, within 72 business hours and at the customer's expense, send an authorized Backflow Assembly tester to test all out of compliance assemblies. If the tester is unable to complete the compulsory test, the water service will be discontinued the following day. Water service will be resumed only when a current backflow test is submitted to the District, or if the customer makes arrangements satisfactory to the General Manager or the General Managers designee to have all out of compliance assemblies tested. This complete process shall not exceed a total of sixty (60) days.

XI. FEES

The District shall charge a compulsory testing fee of not less than \$100.00. The fee will be assessed at the end of the 48-hour notice period. The District will charge its standard fee (the same fees charged for non-payment of water bill) for a Door Hanger and Disconnection of Water Service. If a customer has been disconnected for backflow testing non-compliance, service will not be restored until the test and disconnection fees have been paid in full.

XII. LIST OF TESTERS

The District shall maintain a list of Certified Backflow Assembly Testers to distribute to its customers. The District does not promote one tester/company over another. The requirements for a tester/company to be on the list are (1) is licensed with the State of Washington; (2) has up-to-date certified backflow assembly tester(s) employed by the company; (3) has all testing equipment calibrated at least annually; (4) is bonded as a general or specialty contractor, (5) carries at least \$500,000.00 in liability insurance, and; (6) has no reported issues or complaints from customers or non-compliance with this policy.

~~Companies will be listed in alphabetical order (from A to Z) on the District's list.~~ Once a company is removed from the list, they will no longer be eligible to be a part of the District's list. A company may be removed for failure to submit annual documentation of status, failure to submit test reports on time, failure to obtain permits, poor workmanship, customer complaints, or any other activities deemed harmful to the District or its customers.

Recommendation by the Cross Connection Control Coordinator to remove a tester/company due to customer complaints shall be reviewed by the District General Manager. He shall ask for a meeting with the company and the Cross Connection Control Program Coordinator. Depending on the outcome of that meeting, the District General Manager will then decide if a company is to be suspended for a period of time or permanently banned from the District's list. The District's list is a convenience/ service to its customers and the certified testers/testing companies. The Lakewood Water District always reserves the right of refusal pertaining to this list.

For unresolved disputes between the Cross Connection Control Program Coordinator and the tester or testing company, the tester or company has the right to have the District General Manager evaluate and make a final decision on the dispute. A written explanation of the situation shall be submitted to the District General Manager within thirty (30) days of final decision by the Cross Connection Control Coordinator. This document shall be submitted by regular and certified mail.

The District General Manager will then schedule a meeting with the tester/company and the Cross Connection Control Coordinator. This meeting shall be scheduled not more than sixty (60) days from receipt date of the certified letter.

Any decision made by the General Manager may be appealed to the Board of Commissioners at the next open public meeting or on an otherwise agreed-upon date and time.

XIII. PERMITTING

Permits are required for all installations of backflow assemblies. This includes existing situations where a backflow assembly is removed and another is installed. In other words, any time a backflow assembly is installed in any situation, a permit is required. Inquire at the Lakewood Water District offices for permit pricing; they are subject to change. Permits can be obtained at the Lakewood Water District office in person, by mail, or by downloading a permit from the District's website. The District does not sell permits in the field.

Permit costs are \$65.00 for the first and second backflow assembly and \$32.50 for each additional assembly. There is no limitation on quantity.

XIV. INSPECTIONS

The term "inspection" means to visually look at the installation of a backflow assembly. The Lakewood Water District shall inspect all backflow installations. A forty-eight (48) hour notice is required. Inspections are by appointment only with the Cross Connection Control Coordinator. An inspection cannot be scheduled prior to obtaining a permit (if applicable). Lakewood Water District reserves the right to inspect all points of connection, even if it means delaying the backfilling of a ditch or the granting of occupancy permit approval until inspection is completed.

XV. “CUT AND CAPPED” (Severed and/or Disconnected) SYSTEMS

When an irrigation system is not in use, the backflow assembly will still be required to be tested annually. The only way to waive the requirement for a test is to physically sever the system. The Lakewood Water District will inspect the point where the system is severed and/or disconnected and photograph it. The District will periodically check on “cut and capped” (severed and/or disconnected) systems. If they are found to be in use, the customer will receive notice from the District. The District will then give the customer the option of installing a backflow assembly or severing the line again. The District reserves the right to discontinue water service if the problem cannot be resolved.

The same policy and procedures would apply to certain fixtures in a commercial/industrial situation. The fixture not in use would have to be severed and possibly removed from the premises if the District deems it might be connected and used. This would always be evaluated on the potential degree of hazard involved.

XVI. FINAL STATEMENT

The Lakewood Water District has developed this Program to be in compliance with State WAC 246-290-490, Resolution ~~B-1432~~ B-1476, and with the goal of reducing or eliminating Cross Connections, to the extent possible, to prevent contamination of and protect the public water system. This also includes protecting the District’s customers by reducing any chances of backflow, backpressure or back-siphonage which causes potable and non-potable water to form cross connections.

All final decisions regarding the implementation of this policy, the settling of unresolved disputes, and any other structural changes to this policy shall be at the discretion of the Lakewood Water District General Manager and/or the Board of Commissioners.

Adopted and approved by the Board of Commissioners at an open, public Regular Meeting on November 17, 2022.



HR Manager's Report
November 17, 2022
Board of Commissioners Meeting

Retirement Policy Changes

At the October Budget Workshop Meeting, the Board requested that we explore and present options for sunsetting the current retirement policy. The current retirement policy would continue to apply to all existing District employees and the new policy would be effective January 01, 2023.

Current Terms for Sick Leave Payout for Separating Employees

The District does not currently pay out sick leave to separating employees, except as outlined in the retirement policy below. The current policy applies only to employees retiring with the District.

Current Terms for Vacation Payout for Separating Employees

The District currently pays out 100 percent of vacation time to separating employees, as long as the employee has successfully completed their introductory period and satisfied the resignation notice requirements, if applicable. In line with our peers, we recommend that this provision stay the same.

Current Terms for Retiring Employees

Our current "Retirement Policy" stipulates how sick leave is paid out to retiring employees. This policy allows retiring employees to do three things:

- 1) Within two years of retirement, employees are allowed to convert their sick leave benefits which exceed 480 hours into vacation leave at a rate of one vacation hour for every two sick leave hours.

For example, the maximum sick leave bank is 720 hours. A retiring employee who has accrued 720 hours would be allowed to convert sick leave over 480 hours into vacation.

$$720 - 480 = 240$$

The conversion rate is one vacation hour for every two sick leave hours. In this example, after converting their sick leave, the employee would receive a total of 120 vacation hours.

- 2) At the time of retirement, sick leave is cashed out at their current rate of pay, up to 480 hours. Any sick leave in excess of 480 hours is cashed out to the employee at a rate of one paid hour for every two sick leave hours (or converted into vacation as defined above).
- 3) It also allows employees, at the time of retirement, to select between receiving their sick leave and vacation leave cash out in one lump sum or receive the leave time in regular installments, while remaining on District payroll and continuing to receive District health benefits.

Potential Options

We examined the practices of our peers with respect to sick leave payouts for separating employees and provide the following options for your consideration:

Option A:

Upon separation, employees with a minimum of two years of service to the District will receive 25 percent of their sick leave at their current rate of pay.

Option B:

Employees with at least five years of service will receive payment for their sick leave at their current rate of pay up to 480 hours.

Option C:

Separating employees will receive a percentage of the sick leave at their current rate of pay based on the following years of service schedule:

- 0 – 2 years: 0%
- 3 – 6 years: 25%
- 7 – 14 years: 50%
- 15 – 24 years: 75%
- 25+ years: 100%

All three of these options eliminate the provision for a retiring employee to remain on District payroll while they are exhausting their leave banks, and no longer require the District to provide medical and dental coverage during the period where an employee is technically still employed but no longer working.

General Manager Recruitment Schedule

At the regular October Board Meeting, the Board was presented with the proposed schedule for the General Manager recruitment. The Human Resources Manager will be requesting your feedback, any proposed changes, and answering any questions about the timeline or process. The HRM will also be requesting your availability during the month of December for one-on-one meetings to begin preparing for the recruitment.

**LAKWOOD WATER DISTRICT
SUMMARY WATER PUMPED vs WATER SOLD**

	2022				2021				2020			
Month	Cubic Feet Pumped	Cubic Feet Sold	Difference	%	Cubic Feet Pumped	Cubic Feet Sold	Difference	%	Cubic Feet Pumped	Cubic Feet Sold	Difference	%
January	41,387,515	34,674,736	6,712,779	16.22%	41,220,158	36,637,933	4,582,225	11.12%	27,159,738	24,247,970	2,911,768	10.72%
February	36,185,002	36,151,676	33,327	0.09%	36,773,025	37,339,181	(566,156)	-1.54%	36,354,899	34,981,066	1,373,833	3.78%
March	40,461,436	32,837,120	7,624,316	18.84%	40,087,421	33,194,888	6,892,533	17.19%	43,862,184	35,802,043	8,060,141	18.38%
April	41,117,097	37,025,639	4,091,457	9.95%	44,891,458	39,438,720	5,452,738	12.15%	46,432,964	40,884,037	5,548,927	11.95%
May	45,628,927	34,539,880	11,089,046	24.30%	54,929,020	39,470,047	15,458,973	28.14%	55,684,695	41,628,051	14,056,644	25.24%
June	49,768,213	41,799,240	7,968,973	16.01%	69,323,486	53,653,437	15,670,049	22.60%	57,152,119	48,327,384	8,824,735	15.44%
July	75,016,041	48,363,233	26,652,807	35.53%	86,524,262	63,988,514	22,535,748	26.05%	71,659,137	47,368,813	24,290,324	33.90%
August	80,450,608	66,218,472	14,232,137	17.69%	86,496,992	81,965,711	4,531,281	5.24%	77,244,887	63,879,455	13,365,432	17.30%
September	67,214,677	63,459,075	3,755,602	5.59%	63,893,463	66,644,741	(2,751,278)	-4.31%	64,934,501	71,454,736	(6,520,235)	-10.04%
October	53,382,302	71,000,151	(17,617,849)	-33.00%	43,912,178	64,772,184	(20,860,006)	-47.50%	46,779,040	68,624,173	(21,845,133)	-46.70%
November	-	-	-	0.00%	39,948,002	42,584,231	(2,636,229)	-6.60%	40,032,349	44,079,544	(4,047,195)	-10.11%
December	-	-	-	0.00%	40,844,005	39,804,988	1,039,017	2.54%	42,450,207	42,285,891	164,316	0.39%
TOTAL	530,611,816	466,069,221	64,542,595	12.16%	648,843,471	599,494,574	49,348,897	7.61%	609,746,718	563,563,163	46,183,556	7.57%
Net loss (WER)			62,271,108	11.74%			47,077,409	7.26%			43,912,068	7.20%
	2021 YTD	568,051,464	517,105,355	50,946,109	8.97%							
	2020 YTD	527,264,163	477,197,728	50,066,435	9.50%							

Total Number of Customers Billed

	2022	BI-MONTHLY	2021	BI-MONTHLY	2020	BI-MONTHLY	2019	BI-MONTHLY
January	7786		7781		7759		7869	
February	8637	16423	8576	16357	8670	16429	7069	14938
March	7717		7679		7630		9143	
April	8704	16421	8472	16151	8494	16124	8528	17671
May	7707		7695		7698		7799	
June	8552	16259	8512	16207	8492	16190	8555	16354
July	7937		7698		7707		7779	
August	8745	16682	8522	16220	8526	16233	8488	16267
September	7754		7720		7793		7715	
October	8699	16453	8524	16244	8616	16409	8467	16182
November			7664		7827		7666	
December		0	8515	16179	8459	16286	8469	16135
BILLS YTD:		82238		81179		81385		81412
YEARLY TOTAL:		82238		97358		97671		97547

**CUBIC FEET SOLD PER CLASS
2022**

	fire Mtr	commercial	multi units	residential	schools	Parks /Irrigation	school swim pool						WHSL	TOTAL
	FM/MISC	1C/CR	MUR	1R	1S/1S2	1PK	1SP	TOTAL INTERNAL	STEILACOOM	SUMMIT	WA WATER	FIRGROVE	SUBTOTAL	CU FT SOLD
January	400	2,163,000	5,524,500	7,836,400	265,400	154,000		15,943,700	1,801,080	5,121,641	7,131,400	4,676,915	18,731,036	34,674,736
February	500	2,751,000	9,446,200	8,088,600	129,600	48,100	-	20,464,000	1,389,186	3,760,326	6,450,608	4,087,555	15,687,676	36,151,676
March	100	2,258,500	5,560,300	7,528,500	325,800	48,100	-	15,721,300	1,563,086	3,749,365	7,127,523	4,675,845	17,115,820	32,837,120
April		2,840,700	9,333,500	8,051,200	165,200	83,800	-	20,474,400	1,430,801	3,480,551	7,105,066	4,534,822	16,551,239	37,025,639
May		2,550,700	5,713,400	8,040,900	286,600	65,800	-	16,657,400	1,665,798	4,243,951	7,436,573	4,536,158	17,882,480	34,539,880
June		3,042,900	9,415,800	9,043,700	256,600	569,400	-	22,328,400	2,363,100	5,110,279	7,375,084	4,622,377	19,470,840	41,799,240
July		3,028,000	6,307,100	12,619,000	529,700	984,700	-	23,468,500	4,671,100	7,660,473	7,075,257	5,487,903	24,894,733	48,363,233
August		3,809,600	11,058,700	21,089,700	971,400	4,340,200	-	41,269,600	4,985,765	7,980,217	5,965,914	6,016,976	24,948,872	66,218,472
September		4,009,600	8,351,500	26,354,100	997,000	3,197,900	-	42,910,100	3,506,200	5,722,631	5,659,939	5,660,206	20,548,975	63,459,075
October		4,570,000	13,404,100	24,379,400	1,365,600	7,037,800	-	50,756,900	2,696,800	5,662,077	5,966,315	5,918,059	20,243,251	71,000,151
November							-	-					-	-
December							-	-					-	-
Total YTD	1,000	31,024,000	84,115,100	133,031,500	5,292,900	16,529,800	-	269,994,300	26,072,916	52,491,512	67,293,677	50,216,816	196,074,921	466,069,221

2021 YTD	295,438,500	28,357,004	67,905,360	62,401,684	63,002,807	221,666,855
2020 YTD	276,814,662	30,282,812	52,845,342	52,929,555	64,325,358	200,383,066