

**LAKWOOD WATER DISTRICT  
PIERCE COUNTY, WASHINGTON**

**RESOLUTION NO. B-1941**

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF LAKEWOOD WATER DISTRICT, PIERCE COUNTY, WASHINGTON, APPROVING AND AUTHORIZING THE LAKEWOOD WATER DISTRICT WHOLESALE WATER REVENUE ALLOCATION POLICY.

**WHEREAS**, Lakewood Water District (“District”) is a special purpose water-sewer municipal corporation authorized and existing under the laws of the State of Washington, Title 57 RCW; and

**WHEREAS**, The Board of Commissioners has authorized up to 10 MGD from the District’s water rights portfolio as wholesale water to financially benefit the customers of the District as a means to reduce future rate increases. Lakewood Water District provides wholesale water to five water utilities outside its retail service boundaries to the Town of Steilacoom, Summit Water and Supply, Spanaway Water Co., Firgrove Mutual Water, and Washington Water. Revenue generated by water sales from wholesale customers has been dedicated to specific areas as identified in Resolution B-1470 – Wholesale Revenue Allocations.

This policy intends to give additional guidelines to the resolution and identify specific areas for funding for capital improvement projects.

NOW THEREFORE, THE BOARD OF COMMISSIONERS OF THE LAKEWOOD WATER DISTRICT, LAKEWOOD, WASHINGTON, HEREBY RESOLVE, as follows:

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

Section 1. That the District’s Wholesale Water Revenue Allocation Policy is hereby reflected in the document marked as “Exhibit A”, a copy of which is attached hereto, and incorporated herein by this referenced.

Section 2. This Resolution shall be in full force and effect upon passage and signatures hereon.

**ADOPTED** by the Board of Commissioners of Lakewood Water District, Pierce County, Washington, at the regular open public meeting thereof held the 16th of May 2024.

**LAKWOOD WATER DISTRICT**

By:   
John S. Korsmo, Commissioner and President

By:   
Gregory S. Rediske, Commissioner and Vice President

By:   
Gary J. Barton, Commissioner and Secretary



Wholesale Water Revenue Allocation Policy  
As Adopted by The Board of Commissioners  
B-1491

**Attachment A**

**Policy Intent:**

The Board of Commissioners has authorized up to 10 MGD from the District's water rights portfolio as wholesale water to financially benefit the customers of the District as a means to reduce future rate increases. Lakewood Water District provides wholesale water to five water utilities outside its retail service boundaries including the Town of Steilacoom, Summit Water and Supply, Spanaway Water Co., Firgrove Mutual Water, and Washington Water. Revenue generated by water sales from wholesale customers has been dedicated to specific areas as identified in Resolution B-1470 – Wholesale Revenue Allocations.

This policy intends to give additional guidelines to the resolution and identify specific areas for capital improvement project funding.

**Background:**

In August 2021, the Board of Commissioners approved Resolution B-1470 – Wholesale Revenue Allocation that identified specific areas of capital improvement projects to receive funding from the District's Wholesale water sale revenues.

Under Resolution B-1470, the District allocates percentages of net wholesale income as follows:

- 50% of Wholesale Net Income shall be placed in the general fund.
- 30% to 35% of Wholesale Net Income shall be used for only replacing storage facilities.
- 15% to 20% of Wholesale Net Income shall be used for only replacing water source facilities.

**Definition and Guidelines for Each Allocation:**

- **General Fund (50%)**
  - o Use for everything capital related to operations, maintenance, and any other areas within the capital budget.
  - o All encompassing of District capital projects
- **Storage Facilities (30-35%)**
  - o Use for everything capital and maintenance improvements for storage facilities e.g., tanks, pumping stations, seismic upgrades, tank painting, security/fencing, cathodic protection, etc.
  - o NOT used for Filtration systems, rehabilitation and replacement (R&R) of water mains
- **Water Source Facilities (15-20%)**
  - o Use for everything capital and maintenance for water source facilities e.g., wells, pumps and motors, rehabilitation of well casings, well buildings, filtration systems, source meters, etc.

**Temporary Reallocation**

While discouraged, the need may arise that the District's General Manager and/or Finance Manager may make a request for temporary reallocation of funds from specific wholesale water revenues. The request for any temporary reallocation of funds shall only be approved by the Board of Commissioners.