



Water Quality & Annual Business Report



2004

A Message From Your Board of Commissioners

Dear Lakewood Water District Customers:

Whatever happened to the simple life of just fulfilling our basic mission of delivering to our customers good, clean water at the lowest rates possible? No issues of chlorination, fluoridation, disputes over construction projects, or legal battles about who controls what we do or do not put in our water.

But, as Commissioners making the big bucks (\$70 per meeting unless we miss a meeting), we must and will tackle these issues and forge ahead. It reminds one of the old joke about the ever-complaining fellow whose job was that of “pooper-scooper” behind the elephants at the circus parade. When asked why he didn’t just quit, he replied, “What?! And get out of show business?!”

Seriously, this past year has been something less than easy for all of us—customers, staff, and Commissioners alike. We at the District are trying mightily to do what’s right for the District, to make good decisions based upon the best information and professional advice available and, ultimately, to fulfill our mission. We can assure you we will continue to pursue that goal.

As we explained in our letter to you in early June, we made a decision at our May 19 Regular Meeting to neither fluoridate our water supply nor participate in funding alternative topical fluoride treatments. We determined to leave this public health issue—beyond the realm of clean, safe drinking water—in the hands of other, appropriate government bodies. At this writing, the Tacoma-Pierce County Health Department has not yet decided how it will deal with the other water purveyors who succeeded in having the State Supreme Court invalidate its previous mandate to require those purveyors to fluoridate their water. The Department’s most recent plan would force those purveyors to choose between fluoridating their water supplies or paying for oral health alternatives such as education, dental screenings, and topical fluoride treatment. The Pierce County Council, however, has unanimously approved a resolution opposing both mandated fluoridation and purveyor-funding of the alternatives.

Thanks again to the many customers and others who attended our meetings, called, and wrote, providing thoughtful input to assist us in making a final decision on the issue of fluoridation of our water. We listened carefully, and at length, to the arguments presented, both for and against, and considered the volumes of reports and statistical data presented by both sides. We have made a difficult decision, but to the best of our knowledge and abilities, it is one that is in the best overall interest of the District and its customers.

Farewell and thanks to Commissioner Mark Hullinger who served the District with great interest and enthusiasm for almost 12 years. His move to Florida required his resignation as Commissioner. In recent years, he has been particularly active and instrumental in developing our network of wholesale customers, allowing the District to sell its excess water to neighboring areas which have increasing requirements but limited supply. These sales help keep our rates down and do not limit the amount of water available to our customers.

Welcome to John Korsmo, Jr., who accepted our appointment to fill the vacancy left by Mark on the Board. Already, he has brought to us valuable counsel in the design and planned construction of our upcoming office expansion and shop improvements.

We remain, Your Board of Commissioners



Larry Shilton Lewis



W. W. Philip



John Korsmo, Jr.



YOUR LAKEWOOD WATER DISTRICT STAFF

Mission Statement of Lakewood Water District

Lakewood Water District will provide its customers with water service that meets or exceeds all water quality standards, maintaining policies and practices that benefit the health and welfare of the community.

From the Environmental Protection Agency

Drinking water, including bottled water, may reasonably be expected to contain at least small amounts of some contaminants. The presence of contaminants does not necessarily indicate that water poses a health risk. More information about contaminants and potential health effects can be obtained by calling the Environmental Protection Agency's Safe Drinking Water Hotline at (800) 426-4791.

Some people may be more vulnerable to contaminants in drinking water than the general population. Immunocompromised persons, such as persons with cancer undergoing chemotherapy, persons who have undergone organ transplants, people with HIV/AIDS or other immune system disorders, some elderly, and infants can be particularly at risk from infections. These people should seek advice about drinking water from their healthcare providers.

EPA/CDC guidelines on appropriate means to lessen the risk of infections by cryptosporidium and microbial contaminants are available from the Safe Drinking Water Hotline at (800) 426-4791.

Keeping Your Water Safe

Lakewood Water District takes care and works hard to ensure the quality of your water is the highest it can be. We want you to have the safest, cleanest, best-tasting water supply possible. We follow the regulations of the Washington State Department of Health under the Safe Drinking Water Act. Every week, we conduct tests of the water at its source, and during the treatment and distribution processes.

The chart in this report shows the few compounds detected in the water, along with their detection levels and typical sources of those elements. Samples are taken and tested both at our own facilities and at independent, state-certified testing laboratories.

Because our water source is underground aquifers, and therefore considered at a low level for possible contaminants, some testing parameters have reduced monitoring requirements. The levels indicated in the following chart are for the 2004 calendar year. If a level was not tested in 2004, levels indicated are for the most recent testing period.

Lakewood Water District tests for many possible contaminants not listed in our regular water quality testing program. Most of the tests show no detectable levels. A complete list of those items for which we test, but which are undetected, is available at the District office.

Your Drinking Water

Arsenic Levels Low

Your drinking water meets the EPA's revised drinking water standard for arsenic. However, it does contain a very low level of arsenic, which naturally occurs as a result of runoff from natural deposits. There is a small chance that some people who drink water containing low levels of arsenic for many years could develop circulatory disease, cancer, or other health problems.

Most types of cancer and circulatory disease are due to factors other than exposure to arsenic. The EPA's standard balances the current understanding of arsenic's health effects against the costs of removing arsenic from drinking water.

Lead and Copper Levels

Lakewood Water District water meets or exceeds all governmental standards regarding lead and copper in your drinking water.

The government requires that we test for these elements because significant levels can pose health risks. Infants and children who



Daily Water Testing

drink water that contains lead in excess of the action level could experience delays in their physical or mental development. Children could show slight deficits in attention span and learning abilities. Adults who drink this water over many years could develop kidney problems, high blood pressure, or may be at risk of getting cancer.

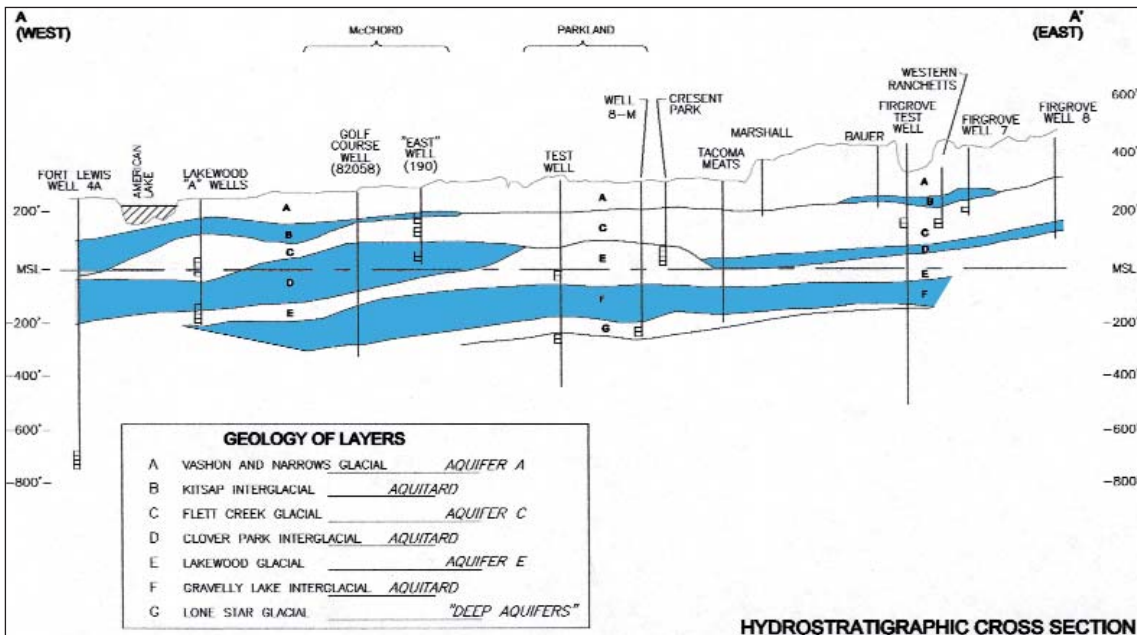
The primary sources for potential lead and copper in drinking water are homes built or replumbed with copper pipes prior to 1985, when lead-based solder was banned. If your home or building is "high risk," you may want to flush water that has been standing for six hours or longer, prior to using it for cooking or drinking.

Many people flush until they notice the temperature change – usually less than 30 seconds. Use water-wise practices, though, and use that flushed water for watering plants or washing dishes. You should never use HOT water for cooking or drinking, or making baby formula, because hot water can dissolve metals faster.

If your home does not meet the Environmental Protection Agency's "high risk" criteria, you may still be at some risk from lead leaching from brass faucets. You only need to run 6-8 ounces of water to flush what is inside the faucet.



Water Flushing



Lakewood Water at The Source

Underground aquifers are the primary source of water in Lakewood Water District. This means that the water you drink is pumped from a series of wells to your home or business via the District's system of pipes and pumps. Currently, Lakewood Water District operates with 31 wells to serve our customers.

The above graphic shows the locations and depth of the aquifers from which we draw water.

Since our water comes from underground aquifers, protection of our "wellheads" is very important. Protecting our wellheads means we work hard to secure the integrity of our wells, including keeping them clean and in excellent running condition and not allowing discharge or placement of unhealthy materials into the ground through drainage systems. We also ask our customers to be careful to dispose of hazardous wastes properly so they do not seep into groundwater.

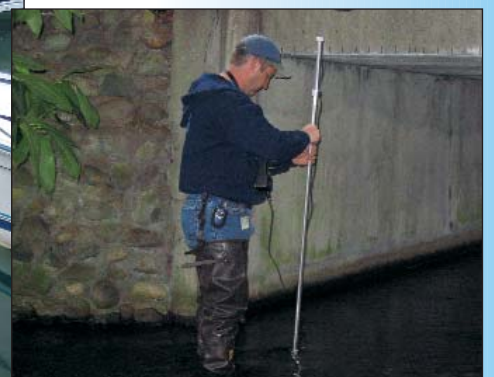
Wellhead protection includes working in concert with the city, county, Department of Ecology, and Department of Transportation to ensure we have response and mitigation plans in place to deal with any hazardous material spill which could affect water quality. We must all take care to protect our water source to ensure that our water supply continues to serve us well.

Lake and Stream Monitoring

Many lakes in Lakewood Water District's service area have been identified as surface expressions of the area's groundwater aquifers. However, few had ever been systematically measured. To better understand lake response to regional precipitation and interpret shallow aquifer response to lake water level changes, it was necessary to develop a long-term understanding of the changes in lake levels.

In particular, the District hoped to identify means of using the lake level responses to help properly manage its shallow groundwater withdrawals. To accomplish this, a series of gauges were installed on five local lakes and two streams. Robinson, Noble & Saltbush (environmental geologists) collected monthly water level measurements from 1999 through 2001 when monitoring was taken over by District personnel and citizen volunteers (in cooperation with the Pierce County Stream Team).

In addition, Lakewood Water District has been working in cooperation with the Tacoma-Pierce County Health Department's long-term groundwater monitoring program for the last seven years. The District uses the generated data as part of its aquifer management program and as a regional data source for watershed planning.



For More Information on Water Quality:

If you would like to learn more about our water, or have questions regarding water quality or what you can do to help keep our water supply clean and safe, please feel free to contact us at Lakewood Water District, or any of the following organizations:

Lakewood Water District

P.O. Box 99729
Lakewood, WA 98499-0729
(253) 588-4423

Randall M. Black,
General Manager

E-mail:
rblack@lakewood-water-dist.org

Washington State Department of Health (WDOH) Web site:

www.doh.wa.gov/ehp/dw

Environmental Protection Agency (EPA)

Web site:
www.epa.gov/safewater

Safe Drinking Water Hotline:

1-800-426-4791

Safe Drinking Water E-mail:

hotline-sdwa@epa.gov

Capital and R&R Projects for 2005

In last year's report, the District listed the construction of the Hemlock Hill tank and the Shop Remodel Project as capital projects slated for 2004. For various reasons, these projects were carried through 2004 but will be constructed in 2005. Planning and permitting have already begun, and as other information becomes available, we will give you a better idea of the construction schedules for these projects.

Our projects slated for this year are numerous. They encompass security improvements, replacement projects, ongoing rehabilitation projects, as well as enhancements to system operations. We are very pleased that the customers of Lakewood have continued to provide input on our projects. As always, the District values the thoughts of our customers as we plan and project the needed construction and R&R activities of the District.

To give further note to this, the District's Comprehensive Plan is just about complete, and there will be a Public Notice inviting comments on the Plan this summer. Once again, we will look forward to community input on how the District will guide itself over the next six years. Comprehensive Plans are required under the State Department of Health guidelines for public water systems, so we will continue to produce these plans as we have been doing for a number of years.

Under the direction of the Board of Commissioners, a couple of high-dollar projects were deferred this year so that we could avoid large rate increases. The District has learned from past experience and customer input that our customers would prefer lower, more frequent rate increases than larger, less frequent increases. This seems to be easier for our customers' budgets to manage. Being mindful of this feeling from our customers, the District has planned for small rate increases in the future.

The New Hemlock Tank—Over the past several years, the District has been planning to construct a new tank for increased capacity at the Hemlock Hill tank site between Hemlock Street and Sharon Street. The current tank that services our neighbors in that area is only a 100,000-gallon tank. This tank needs to be refilled every two hours in the summertime. The need for adequate fire flow and excess water to meet our summertime demands necessitates a new tank be built. The new tank will have a capacity of 500,000 gallons, and will take about six hours before it needs to be refilled. This will significantly reduce the present pumping costs for that site. We are also relocating our two booster pumps to inside the base of the tank. This will provide for enhanced security and save the District the cost of constructing a new building in the next five years. We are adding a third booster to give us back-up reliability to move water from this facility to anywhere else in our water system.

We are looking to bid this project in June, and construction should start in August or September. The District has held two public meetings where we invited neighbor input and addressed their concerns to the best of our ability. The District looks forward to providing this tank which will meet the community's needs well into the future.

Shop Facilities Remodel and Office Addition—The District has hired Pardini Design Group to design the shop facility

remodel and office addition for our field staff as well as provide much-needed storage and inventory capacity currently very limited in the existing facilities. The District will be remodeling the existing shop building as well as connecting the shop to the office building with new construction. This will provide a facility more conducive to efficient operations, optimizing staff time and use of equipment. It will also provide for an environment that puts all of our employees under one roof. The project is estimated to be at \$1.3M. The District has seen its estimated construction costs rise considerably over the past year due to increased material costs.

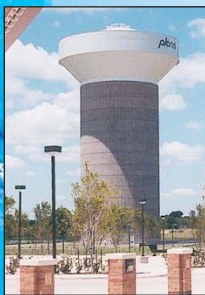
The project is anticipated to go out to bid in July or August, with construction beginning in September or October. We look for this facility to meet our 20-year planning horizon as set out by the Board of Commissioners.

R&R Projects—Completed and Projected:

This past year we completed the Interlaaken Drive R&R project, installing 1500 feet of 12-inch water main on Interlaaken Drive SW between Washington Boulevard and Veterans Drive.

Later this year, the District will continue this main replacement project, picking up where we left off on Veterans Drive and Interlaaken Drive SW and proceeding west on Veterans Drive. We will eventually go all the way to Edgewood Drive.

The District is going to install and upgrade the water main on Pacific Highway between 108th Street and Bridgeport Way to get lines in place before the City of Lakewood undertakes a sidewalk and road improvement project.



This is an example of the planned tank at the Hemlock site.



A view of Interlaaken Drive after completion of the pipe replacement project.



The new, larger pipes on Interlaaken Drive increased water flow significantly.

Regulated and Unregulated Contaminants Monitoring Data Tables

The table below reflects the maximum allowed levels of certain contaminants and the levels experienced in Lakewood Water District. Our testing is based on 70 samples a month, which resulted in **no violations**.

SUBSTANCE	MCL	HIGHEST LEVEL DETECTED	MCLG	TYPICAL SOURCES	DETECTED RANGE
<i>Samples 2004</i>					
Nitrates	10 ppm	2.2 ppm	10 ppm	Erosion of natural deposits	Less than 2 – 2.2 ppm
Total Trihalomethane	80 ppb	77.0 ppb	0	Disinfection Interaction	2.3 – 77.0 ppb
Coliform	3/month	None detected	0	Naturally present in the environment	None detected

The items listed above were sampled for/detected in Lakewood Water District's water during 2004. Not listed are the 62 volatile organic chemicals and 81 synthetic organic chemicals including herbicides and pesticides, that we tested for which were not detected.

As noted in the chart above, all of the elements for which we test either met or exceeded federal and state standards. A complete Source Water Assessment card is available at the District office. All substances that have been tested for and found to have a positive detection in the last 5 years—although well within established limits—are included in the report below.

Samples Last 5 Years

Arsenic (2002)	10 ppb	Less than 3 ppb	None	Erosion of natural deposits	Less than 2 ppb – 3 ppb
Lead	15 ppb	Less than .2 ppb	0	Household Plumbing	All samples were under .2 ppb
Copper	1.3 ppm	.38 ppm	1.3 ppm	Household Plumbing	.2 – .38 ppm
Chloroform	Not regulated	.8 ppb	Not regulated		ND – .8 ppb
Perchlorate	Not regulated	6 ug/L	Not regulated		ND – 6 ug/L
Asbestos					Taken in 2002 with no structures detected

Our testing schedule is as follows:

Nitrate: Annually

Radionuclides: Every 4 years. Last done in 2000, with no violation. Completed initial requirements.

Trihalomethane Potentials (for ground water): Annually

Lead & Copper: Every 3 years at residential water tap. Due again in 2005.

Coliform: 70 samples a month. None detected.

E. Coli: 70 samples a month. None detected.

Disinfection Byproducts: Tested in four quarters in 2004, with no violations. We received reduced monitoring to only once a year in 2005.

Arsenic: Scheduled samples were taken in 2002. All were under the current MCL level of 10 ppb. In 2000, Lakewood Water District also took the initiative to test lower than the proposed EPA level of 10 ppb. All samples were under 2.03 ppb. Due again in 2007.

Asbestos: Every 3 years. Due again in 2005.

Volatile Organic Chemicals: Due again in 2005.

***Inorganics:** Tested 2004. No violations. Due again in 2007.

*The EPA and State offered Lakewood Water District and other qualified water systems an inorganic monitoring waiver for the 2002 – 2004 monitoring period. The waiver is based on source susceptibility, water quality history, and that such a waiver would not result in an unreasonable risk to health. Lakewood Water District chose not to request the waiver. We feel the information we receive from the tests helps to ensure the quality of water in our District.

Definitions:

MCLG: (Maximum Contaminant Level Goal)

The level of a contaminant in drinking water below which there is no known or expected risk to health. MCLGs allow for a margin of safety.

MCL: (Maximum Contaminant Level) The highest level of a contaminant that is allowed in drinking water. MCLs are set as close to the MCLGs as feasible using the best available treatment technology.

Treatment Technique: "A required process intended to reduce the level of a contaminant in drinking water."

AL: (Action Level) The concentration of a contaminant which triggers treatment or other requirement which a water system must follow.

ND: Not Detected

NA: Not Applicable

ppm: parts per million, or milligrams per liter (mg/l)

ppb: parts per billion, or micrograms per liter (ug/l)

1 mg/L = 1000 ug/L

For aqueous (water) samples:

1 mg/L = 1 part per million (ppm)

1 ug/L = 1 part per billion (ppb)

ug = micrograms

**LAKEWOOD WATER DISTRICT
BALANCE SHEET
YEAR ENDED DECEMBER 31, 2004
(unaudited)**

ASSETS

Utility Plant in Service	48,937,523
Accumulated Depreciation	(16,680,601)
Net Utility Plant	32,256,922

CURRENT ASSETS

Cash	6,086,576
Investments	4,965,000
Accounts Receivable	200,117
Materials Inventory	92,261
Pre-Payments	305,623
Interest Receivable	47,021

Total Current Assets	11,696,598
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Deferred Debits	412,677
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<i>Total Assets</i>	\$44,366,197
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LIABILITIES & EQUITY

Unappropriated Retained Earnings	16,524,633
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CURRENT LIABILITIES

Accounts Payable	197,155
Customer Deposit Payable	928,717
Accrued Liabilities	65,392

Total Current Liabilities	1,191,264
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Deferred Credits	4,917
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Bonds Payable	11,578,915
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Contributions in Aid of Construction	15,066,468
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<i>TOTAL LIABILITIES & EQUITY</i>	\$44,366,197
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Results of State Audit

The State Auditor's Office has completed the District's 2003 audit. The yearly audit includes a complete review of financial and compliance practices, reviewing high-risk areas, how the District meets state and local regulations, and our financial statements. The auditors cited no deficiencies in this year's audit. The District is proud of its continuing history of clean reviews. Your elected Commissioners and District management and staff work diligently to guide the District in maintaining our financial stability so we can continue to serve you effectively.

Automatic Bill Payment

If you are looking for a convenient way to pay your water bill, the Lakewood Water District is accepting applications for our Automatic Bill Payment Service. We are pleased to announce we are now servicing over 1,000 customers in the District with this program. If you would like to sign up for the Automatic Bill Payment Service, either contact the District Office at 588-4423 or you can obtain an application form at the Lakewood District web site: www.lakewood-water-dist.org.

Lakewood Water District on the Web

For those of you with Internet access, we invite you to visit the District's Web site at www.lakewood-water-dist.org. We offer a variety of information online, including tips on wise water use, answers to many of your questions, rates, current legislative issues that may impact the District, and copies of our recent newsletters. We also have our automatic payment (EFT) form available for customers, so you may sign-up for this easy payment method.

In addition, the Web site includes information on employment opportunities with the District and an employment application form can be downloaded. We regularly update information on the site, and we encourage you to visit us or contact us through the Web if you have questions or concerns.

Need Extra Copies of the Lakewood 2004 Water Quality and Annual Report?

If you would like extra copies of the Lakewood Water District 2004 Water Quality and Annual Report for your office, multifamily residence, library, or organization, please call the District office at 253-588-4423.

Comparison of Lakewood Water District Rates with Surrounding Utilities "Two-Month Billings of Residential Costs for Water as of Feb. 1, 2005"

Company Name	Min Svc Chg "for 5/8" meter"	Cost per 100 Cu Ft	Total Charge For 1500 Cu Ft
Lakewood Water District (588-4423)	\$13.85 base rate 0-800 cu ft	0-800 cu ft = \$13.85 (Base Rate) 801-2000 cu ft @ \$.70 Over 2000 cu ft @ \$.95	700 @ \$.70 = \$4.90 Base Rate = \$13.85 Total = \$18.75
DuPont (964-8121) Ext. # 385	\$0.00	0-1000 cu ft = \$32.00 (Base Rate) Over 1000 cu ft @ \$1.12	500 @ \$1.12 = \$5.60 Base Rate = \$32.00 Total = \$37.60
Parkland Mutual Water Co. (531-5666)	\$15.00	\$.75 per 100 cu ft	1500 @ \$.75 = \$11.25 Svc. Chg. = \$15.00 Total = \$26.25
Spanaway Water (531-9024)	\$20.50 (base rate of \$13 + EPA charge of \$3.50 + capital projects fee of \$4)	0-500 cu ft @ \$.55 501-1500 cu ft @ \$.75 1501-2500 cu ft @ \$.95 2501-4000 @ \$1.20 4001-7500 @ \$1.30 7501 and over @ \$1.50	500 @ \$.55 = \$2.75 1000 @ \$.75 = \$7.50 Svc. Chg. = \$20.50 Total = \$30.75
Steilacoom (581-1912)	\$30.64	\$2.11 per 100 cu ft	1500 @ \$2.11 = \$31.65 Svc. Chg. = \$30.64 Total = \$62.29
Summit Water & Supply Co. (537-7781)	\$33.70	0-4000 cu ft @ \$1 4001-6000 cu ft @ \$1.60 Over 6000 cu ft @ \$2	1500 @ \$1.00 = \$15.00 Svc. Chg. = \$33.70 Total = \$48.70
Tacoma Water (Inside City) (383-9600)	\$23.70	\$.967 per 100 cu ft except June thru Sept. when all water used over 500 cu ft is charged @ \$1.209	WINTER: 1500 @ \$.967 = \$14.51 Svc. Chg. = \$23.70 Total = \$38.21 SUMMER: 500 @ \$.967 = \$4.84 1000 @ \$1.209 = \$12.09 Svc. Chg. = \$23.70 Total = \$40.63
Tacoma Water (Outside City) (383-9600)	\$28.44	\$1.16 per 100 cu ft except June thru Sept. where all water used over 500 cu ft is charged @ \$1.45	WINTER: 1500 @ \$1.16 = \$17.40 Svc. Chg. = \$28.44 Total = \$45.84 SUMMER: 500 @ \$1.16 = \$5.80 1000 @ \$1.45 = \$14.50 Svc. Chg. = \$28.44 Total = \$48.74



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PRESORTED
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