

# Board Agenda

November 4, 2015



## Work Session (Call to Order – 5:30 p.m.)

1. **Biennial Budget and Joint Municipal Utilities Services Act Updates** Information Strub

## Business Meeting (Call to Order – 6:00 p.m.)

2. Agenda Approval
3. TSC Consent Calendar Recommendations
4. Consent Calendar
  - a) Board Minutes of: October 14, 2015
  - b) Board Minutes of: October 27, 2015
  - c) Warrant Summary: Check # 42303-42682 \$1,377,950.21
  - d) Payroll Certification: October 1-15, 2015 \$345,318.34
  - e) **Service Entrance Switchgear Replacement Engineering Construction Support Services Contract**
  - f) **Service Entrance Switchgear Replacement Construction Contract**
5. Public Comment
6. **Approval of 2016 Operating Budget and 2016 Capital Budget and 2016-2050 Capital Improvements Plan (Resolution 15-003)** Action Strub
7. Program Report
8. Adjourn

Next LOTT Board meeting: Wednesday, December 9, 2015

**Board meetings are held in LOTT's Regional Services Center at 500 Adams Street NE, Olympia, Washington.**

**Note:** If you miss a particular item, audio recordings of LOTT Board meetings are posted at [www.lottcleanwater.org](http://www.lottcleanwater.org). The LOTT Clean Water Alliance provides reasonable accommodations to persons with disabilities. We invite any person with special needs to contact LOTT staff at (360) 664-2333 at least 24 hours before the meeting to discuss any special accommodations.

# Staff Report

November 4, 2015



## 1. Work Session: Biennial Budget and Joint Municipal Utilities Services Act Updates

**Purpose:** Update the Board on efforts to implement a biennial budget and the Joint Municipal Utilities Services Act (RCW 39.106).

### Additional Information

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**Background:** At the March 2015 work session, the Board discussed transitioning to a biennial Budget and Capital Improvements Plan, and directed staff to move forward with planning for the transition, which would be implemented in 2017. At the April 2015 business meeting, the Board passed Resolution 15-001, which instructed the Executive Director to take all necessary steps to explore the feasibility of a biennial Budget and Capital Improvements Plan for fiscal years 2017 and 2018. Staff will update the Board on the progress made to date.

At the April 2015 work session, staff provided the Board with an overview of the Joint Municipal Utilities Services Act (JMUSA). The Board directed staff to provide further opportunities to discuss JMUSA and whether there are benefits for LOTT to adopt some or all of it. Since that time, staff has provided updates to the City Councils and the Board of County Commissioners, and will update the Board on feedback from the partner jurisdictions.

# Meeting Minutes

October 14, 2015



## LOTT Board Member Attendees

**Present:** Cynthia Pratt, City of Lacey; Stephen M. Langer, City of Olympia; Nicole Hill, City of Tumwater (Alternate); Bud Blake, Thurston County (Alternate)

## Business Meeting

The Board of Directors convened the business meeting at 5:32 p.m.

1. **Agenda Approval**

**Action:** Cynthia Pratt moved, seconded by Nicole Hill, to approve the agenda. Motion carried unanimously.

2. **TSC Consent Calendar Recommendations**

**Recommendation:** The Technical Sub-Committee (TSC) recommended approval of all consent calendar items.

3. **Consent Calendar**

**Action:** Nicole Hill moved, seconded by Cynthia Pratt, to approve the consent calendar. Motion carried unanimously.

## Executive Session

The Board of Directors adjourned into Executive Session at 5:34 p.m. for approximately 66 minutes.

4. **Executive Session: Property Acquisition**

**Description:** The Board considered possible acquisition of real property.

**Action:** None

## Business Meeting

The Board of Directors reconvened into the business meeting at 6:40 p.m.

5. **Public Comment**

**Comments:** None

6. **Public Hearing: Proposed 2016 Budget and 2016-2050 Capital Improvements Plan**

**Description:** The Board conducted a public hearing on the proposed 2016 Operating Budget, 2016 Capital Budget, and 2016-2050 Capital Improvements Plan.

**Hearing:** Board President Langer opened the public hearing at 6:41 p.m. There was no testimony. President Langer closed the public hearing at 6:42 p.m.

## 7. **Public Hearing: Surplus Equipment**

**Description:** The Board conducted a public hearing to receive comments relating to surplus of equipment, and action was requested to approve the disposal of surplus equipment as listed on Attachment A to the staff report.

**Hearing:** Board President Langer opened the public hearing at 6:44 p.m. There was no testimony. President Langer closed the public hearing at 6:45 p.m.

**Action:** Nicole Hill moved, seconded by Cynthia Pratt, to approve the motion to dispose of surplus equipment, as listed on Attachment A, in any legal manner that is beneficial to LOTT. Motion carried unanimously.

## 8. **Approval of 2016 Rates (Resolution 15-002)**

**Description:** Staff requested the Board approve Resolution 15-002 setting the 2016 Wastewater Service Charge and the Capacity Development Charge, and directing staff to notify the partner jurisdictions of the final approved amounts.

**Action:** Cynthia Pratt moved, seconded by Nicole Hill, to approve Resolution 15-002 setting the 2016 Wastewater Service Charge at \$37.14 and the Capacity Development Charge at \$5,354.57 per equivalent residential unit, and directing staff to notify the jurisdictional partners of the final approved amounts. Motion carried unanimously.

## 9. **Program Report**

**Description:** Board members were provided with LOTT's monthly program report and Thurston Regional Planning Council updates. Community Relations and Environmental Policy Director Karla Fowler reported that due to the volume of input received, the Department of Ecology would reconvene the proposed Reclaimed Water Rule advisory committee, and conduct another public comment period in early 2016. Board President Langer requested copies of LOTT's comments on the proposed rule, which were submitted to Ecology in September 2015. Executive Director Mike Strub provided the Board with a summary of a meeting between executives from each partner jurisdiction. Meeting topics included potential property acquisition and the Joint Municipal Utilities Services Act (RCW 39.106).

The Board of Directors adjourned the meeting at 7:07 p.m.

**Approved by the LOTT Clean Water Alliance Board of Directors on November 4, 2015.**

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**Stephen M. Langer, Board President**

# Meeting Minutes

October 27, 2015



## LOTT Board Member Attendees

**Present:** Stephen M. Langer, City of Olympia; Tom Oliva, City of Tumwater; Sandra Romero, Thurston County

**Absent:** City of Lacey

## Business Meeting

The Board of Directors convened the business meeting at 1:01 p.m.

## Executive Session

The Board of Directors adjourned into Executive Session at 1:03 p.m. for approximately 30 minutes.

### 1. Executive Session: Property Acquisition

**Description:** The Board considered the possible acquisition of real property.

## Business Meeting

The Board of Directors reconvened into the business meeting at 1:30 p.m.

### 2. Property Acquisition

**Action:** Following a brief discussion, Tom Oliva moved, seconded by Sandra Romero, to authorize the Executive Director, or his designee, to participate in an auction for real estate to be held on October 28, 2015, and purchase tax parcel 09470046000 in the City of Tumwater, in an amount not to exceed \$1,000,000, including any fees, taxes, or other closing costs necessary to complete the purchase. Motion carried.

The Board of Directors adjourned the meeting at 1:41 p.m.

Approved by the LOTT Clean Water Alliance Board of Directors on November 4, 2015.

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Stephen M. Langer, Board President

## Warrant Summary

**Warrant Period:** October 1, 2015 through October 31, 2015

**Warrant Numbers:** 42303 through 42682

**Total:** \$1,377,950.21

I, the undersigned, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered, or the labor performed as described herein, and that the claims are just, due, and unpaid obligations against the LOTT Clean Water Alliance, and that I am authorized to authenticate and certify to said claims, and I, the undersigned, do hereby certify under penalty of perjury that claims for employee and officer expenses are just, due, and unpaid obligations against the LOTT Clean Water Alliance, and that I am authorized to certify said claims.



Justin Long, CPA, LOTT Clean Water Alliance Treasurer

10/30/15  
Date



## Payroll Certification

The Treasurer of the LOTT Alliance hereby certifies that the payroll gross earnings and benefits for the pay cycle ending October 15, 2015 have been examined and are approved as recommended for payment.

**Employees Gross Pay:** \$249,090.01

**Employer Share of Benefits:** \$96,228.33

**Total:** \$345,318.34

**Paid By:** Payroll check numbers 911241 through 911313 and Direct Deposit transmission.

  
Justin Long, Treasurer

  
Date

Approved by the LOTT Clean Water Alliance Board of Directors on November 4, 2015.

Stephen M. Langer, Board President



# Staff Report

November 4, 2015



## 4e. Service Entrance Switchgear Replacement Engineering Construction Support Services Contract

### Consent Calendar

**Action Requested:** Authorize the Executive Director to enter into a contract with Parametrix, Inc., of Puyallup, Washington, in an amount not to exceed \$239,874.12, for engineering construction support services for the Service Entrance Switchgear Replacement project.

**Rationale:** The Service Entrance Switchgear (SES) Replacement project at the Budd Inlet Treatment Plant upgrades electrical distribution service and replaces old facilities so service is protected and made more reliable. This contract would allow Parametrix, the firm that designed the project, to provide construction support and ensure the project meets design specifications.

**Previous Review:** The Board approved the original design contract with Parametrix at the November 2014 Board meeting. At the May 2015 meeting, the Board gave direction on the elevation of the new service entrance switchgear equipment in relation to sea level rise. The Board approved a design services contract amendment at the September 2015 meeting.

**TSC Recommendation:** The Technical Sub-Committee (TSC) will provide a recommendation to the Board.

**Cost:** \$239,874.12

**Budget:** Sufficient funds are available in the approved 2015 Capital Budget and the proposed 2016 Capital Budget line item for this project.

### Additional Information

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**Background:** The SES Replacement project replaces the 1980 electrical main feed and switchgear that runs from the Puget Sound Energy Thurston Avenue Substation to the Budd Inlet Treatment Plant.

**Analysis:** LOTT worked with Parametrix throughout project design and bidding. Should the Board approve, this contract will allow Parametrix to provide LOTT with construction support services during project construction. These services will include construction submittals review, responding to requests for information, electrical system testing, and site visits.



# Staff Report

November 4, 2015



## 4f. Service Entrance Switchgear Replacement Construction Contract

### Consent Calendar

**Action Requested:** Authorize award of a contract for the Service Entrance Switchgear Replacement project and an additive item for maintenance of electrical substation J/K to the low responsive and responsible bidder, CTS Northwest, Inc., of Lynnwood, Washington, for the bid amount of \$1,618,937.20, which includes Washington State sales tax.

**Rationale:** The Service Entrance Switchgear (SES) Replacement project at the Budd Inlet Treatment Plant upgrades electrical distribution service and replaces old facilities so service is protected and made more reliable. The project is consistent with LOTT's Asset Management Program and is one of LOTT's most critical projects under the program.

**Previous Review:** The Board approved the original design contract with Parametrix at the November 2014 Board meeting. At the May 2015 meeting, the Board gave direction on the elevation of the new service entrance switchgear equipment in relation to sea level rise. The Board approved a design services contract amendment at the September 2015 meeting.

**TSC Recommendation:** The Technical Sub-Committee (TSC) will provide a recommendation to the Board.

**Cost:** \$1,618,937.20

**Budget:** Sufficient funds are available in the approved 2015 Capital Budget and the proposed 2016 Capital Budget line item for this project.

### Additional Information

**Background:** The SES Replacement project replaces the 1980 electrical main feed and switchgear that runs from the Puget Sound Energy Thurston Avenue Substation to the Budd Inlet Treatment Plant. This project also separates the two main electrical feeds that run throughout the plant to five major substations for enhanced reliability. Currently, all of the substation electrical cables are connected, and separation will allow the overall system to be serviced without having to cut power to the entire treatment plant. It will also allow for one feed to provide backup to the other in the event of a power anomaly.

**Analysis:** LOTT received six bids; the bid opening occurred on October 21, 2015. A bid evaluation was completed, and CTS Northwest was identified as the lowest responsive and responsible bidder. The low bid is \$1,618,937.20, which is lower than the engineer's estimate range of \$2,000,000 to \$2,200,000.

Bid Results	
CTS Northwest, Inc.	\$1,618,937.20
Colvico, Inc.	\$1,731,776.90
EC Company	\$1,904,982.62
Betschart Electric, Inc.	\$1,974,921.25
Northeast Electric, LLC	\$2,037,176.64
Valley Electric Company, Inc.	\$2,061,977.60

## 6. Approval of 2016 Operating Budget and 2016 Capital Budget and 2016-2050 Capital Improvements Plan (Resolution 15-003)

**Action Requested:** Adopt Resolution 15-003 approving the 2016 Operating Budget and the 2016 Capital Budget and the 2016-2050 Capital Improvements Plan.

**Previous Review:** The Board reviewed and discussed the draft 2016 Budget and Capital Improvements Plan (CIP), including proposed rate adjustments, at the July, August, and September 2015 meetings. The Board held a public hearing on the proposed Budget and CIP on October 14, 2015, and took action to set the 2016 Wastewater Service Charge and Capacity Development Charge.

### Additional Information

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**Background:** At the September 2015 Board meeting, the Board approved a motion authorizing staff to release the draft Budget and CIP for public review and schedule a public hearing for October 14, 2015. LOTT released the draft Budget and CIP for public review on September 17, 2015. Public notification regarding the opportunity to review the proposed budget and about the public hearing was provided via legal advertisements, local media news release, and posting on LOTT's website. No changes have been made to the document.

The Board held the public hearing on October 14, 2015. There was no testimony.

As determined by Board action on October 14, 2015, LOTT's monthly rate and connection fee will increase as follows:

- The monthly rate, described as the Wastewater Service Charge (WSC), will increase by \$1.08 effective January 1, 2016. The new 2016 rate will be \$37.14. The WSC is subject to annual Board consideration.
- LOTT's fees for new connections to the system will increase by \$218.19 on January 1, 2016, which includes the \$64.10 annual increase established in 2002. The 2016 connection fee, known as the Capacity Development Charge (CDC), will be \$5,354.57. The CDC is scheduled to increase \$64.10 per year through 2019 and is subject to annual Board review.

Revenue summaries and expense analyses are included in the proposed 2016 Budget and Capital Improvements Plan document. The CIP portion of the document includes one-page descriptions for each of the capital projects scheduled for work over the next six years.

**Analysis:** Funding sources for each CIP project involve a combination of new connection fees and monthly rates. The allocation depends on the type of project involved:

- System Upgrade Projects – 9% connection fees and 91% monthly rates
- New Capacity Projects – 88% connection fees and 12% monthly rates

The allocations are applied as each project's budget is established. Capital budgets for CIP projects are established annually for project work expected during the following year.

**Resolution 15-003**  
**of the**  
**LOTT Clean Water Alliance Board of Directors**  
**Concerning**  
**Approval of the 2016 Operating Budget**  
**and**  
**2016 Capital Budget**  
**and**  
**2016-2050 Capital Improvement Plan**

**WHEREAS**, the LOTT Clean Water Alliance is responsible for preserving and protecting public health, the environment, and water resources by providing wastewater treatment and reclaimed water production services for the urban areas of north Thurston County; and

**WHEREAS**, providing this service requires funds sufficient to meet all operating costs, debt and reserve obligations, and costs associated with the development and maintenance of a system adequate to meet the needs of LOTT's controlling jurisdictions in a sound financial manner; and

**WHEREAS**, under the 1999 Interlocal Cooperation Act Agreement for Wastewater Management by the LOTT Wastewater Alliance, the LOTT Board of Directors shall annually approve a Capital Improvements Plan that serves as a plan for anticipated capital expenditures; and

**WHEREAS**, the intent of the Capital Improvements Plan is to ensure reliable and efficient facilities are available to manage the regional service area's existing and future wastewater treatment needs; and

**WHEREAS**, the Capital Improvements Plan is updated annually based on system performance measures, predicted capacity needs, anticipated equipment replacements, and system improvement needs; and

**WHEREAS**, LOTT's 2016-2050 Capital Improvements Plan proposes a schedule of projects consistent with the principles set forth in the LOTT Wastewater Resource Management Plan;

**WHEREAS**, on October 14, 2015, the Board approved an increase in the monthly Wastewater Service Charge to \$37.14 for 2016; and

34           **WHEREAS**, on October 14, 2015, the Board approved an increase in the Capacity Development Charge  
35 to \$5,354.57 for 2016, which includes the previously established increase of \$64.10 per year until 2019; and  
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37           **WHEREAS**, a budget was prepared that is adequate to meet LOTT's responsibilities, taking into account  
38 the aforementioned increases in the Wastewater Service Charge and the Capacity Development Charge; now  
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40           **THEREFORE BE IT RESOLVED**, that the LOTT Clean Water Alliance Board of Directors approves the  
41 2016 Operating Budget in the amount of \$20,750,795, the full-time equivalent positions described during the  
42 budget process, and the 2016 Capital Budget in the amount of \$19,190,920 plus any residual funds from the 2015  
43 Capital Budget; and  
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45           **BE IT FURTHER RESOLVED**, that the LOTT Clean Water Alliance Board of Directors approves the 2016-  
46 2050 Capital Improvements Plan; and  
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48           **BE IT FURTHER RESOLVED**, that \$3,317,746 will be transferred from the Capital Budget to the  
49 Operating Budget for staffing and other costs attributed to LOTT Clean Water Alliance capital projects contained  
50 in the 2016 LOTT Clean Water Alliance Capital Budget.

51           **SO APPROVED** by the Board of Directors this 4th day of November, 2015.

Attest:

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Stephen M. Langer, Board President

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Farah Derosier, Corporate Secretary



Approved as to form:

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Rick Hughes, General Counsel