

THREE LAKES WATER ASSOCIATION – BOARD MEETING MINUTES

November 8th, 2022

The Three Lakes Water Association Board of Trustees held their November 8th, 2022, Board Meeting at 6:00 p.m. in a virtual setting utilizing phone and webinar technologies. The Association website and Facebook page requested members who wished to address the board to inform the board president by email so he could report any comments, questions, or concerns to the board. The board president's email is president@3lwa.org.

Call to Order

The meeting was called to order at 6:05 p.m. by President Jay Klicker. A quorum was satisfied by other Board trustees in attendance: Vice President Tyler Eshleman, Secretary Terra Nicolle, Treasurer Donald Kemmis, Trustee Raymond Cox, Trustee Marek Jedrejewicz, Trustee Heidi Mann, and Trustee Yvonne Craig.

Members, Guests & Employees- Engineer Rodney Langer of David Evans and Associates, Inc. (DEA), staff member Kaila Klicker, and staff member Seth Way were present. Renee Clarke, acting as recording secretary, was present.

DEA Engineers' Report- Engineer Rodney Langer presented a summary of his status report, which was e-mailed and provided to the Board on November 7th, 2022. Highlights of the monthly DEA report are summarized as follows:

Booster Pump Station #1- Rodney reported that the electrical work for this project is complete. Rodney and association staff witnessed startup of the variable frequency drive (VFD) by a technician from Schneider Electric on October 17th, 2022. The VFD startup was successful and the new pump at Booster Pump Station #1 was also tested. Contractor Systems Interface, Inc. began work to integrate the new equipment at the pump station into the existing telemetry system. Some issues with system integration were discovered and were remedied. The integration work is now complete. The generator's delivery date is planned for July of 2023.

Water System Plan (WSP) Update- Rodney reported that DEA is currently working on details of the water demand forecast. The forecast will be used for the basis of analysis of the system in relation to supply, storage, and distribution. The forecast will also be used for the hydraulic analysis of the system, which is the next step in the review process.

171st Water Main Replacement Project- Rodney reported that DEA reviewed the construction application draft and provided comments back to staff. DEA provided several materials that will be required for application submittal. Staff and Rodney are working towards construction application submittal and hope to have

that completed next week. Staff has been in communication with the Department of Health (DOH) regarding the association's preconstruction loan, which has been approved pending contract signing and execution. The preconstruction loan contract was recently received by staff and will be reviewed before they recommend President Klicker to sign it and return to DOH for contract execution. A setup of asset information into a GIS system is in process and staff is working with Rodney to confirm information.

163rd Culvert Replacement Project- Rodney reported that there has been a meeting, but no significant new updates were presented. Rodney anticipates that another meeting will be held soon and hopes to learn more. Staff has requested that Snohomish County provide a letter to the association which states that the association is participating in their project to repair a culvert. This letter may earn the association more points towards project approval for the 171st Water Main Replacement Project. The county is in communication with its engineering department to see if they are receptive to the request.

Annual Rate Review- See Old Business

Manager & Cross Connection Report

Assistant Manager Kaila Klicker presented a summary of the manager report, which was e-mailed and provided to the Board on November 3rd, 2022. Highlights of the monthly manager report are summarized as follows: Staff reported that on October 24th, 2022, they discovered that the association's cradle point for the telemetry system did not function properly during a power, phone service, and internet service outage. The cradle point did not provide a backup internet service as it should in the event of the office losing internet service. Systems Interface repaired the issue, and it is now fully functional. A member of the public defecated near the entrance to the association's office and water storage standpipe site on October 16th, 2022. Staff noted that this event was recorded on the association's security system. Staff is researching the costs of devices used to acquire GPS locations for facilities, which could be used to create a GIS database. Staff is in discussion with DEA to confirm the compatibility between a GIS device and DEA's GIS software. Staff will likely be purchasing a GPS device soon, which will allow staff to create a GIS database for association use now and in the future. Staff is still working with customer support for the association's meter reading software and billing software to confirm that meter reads will be able to be completed and imported into the billing system without issues in the future. Staff is continuing to create a service line inventory, as required by the U.S. Environmental Protection Agency by fall of 2024, which is part of the new Lead & Copper rules. At the last Everett Water Utilities Committee (EWUC) meeting, a City of Everett representative requested purveyors to provide their inventories to the city by March of 2024 to continue to be a part of the city's regional monitoring plan. Staff informed the city that they intend to send the association's inventory to them once it's available, as it's beneficial for the association to

be a part of the city's regional monitoring plan. The local fire department conducted their annual building inspection on October 25th, 2022 and renewed the association's certificate of occupancy. Treasurer Kemmis authorized a transaction from the association's CD bank account with Pacific Crest Savings Bank to lower the account balance to be under FDIC limit. Manager Kemmis selected a new insurance underwriter based on multiple proposals which he considered. The new underwriter's proposal was more cost effective than the initial proposal that was received by staff from the association's insurance company. The acceptance of proposal will complete the annual renewal for company insurance. The association's insurance documentation was provided to Snohomish County on October 27th, 2022, as requested by a county representative.

Manager & Cross Connection Report Addendum

Assistant Manager Kaila Klicker reported that Staff member Renee Clarke submitted a letter of resignation to Manager Kemmis on October 31st, 2022. Her last day with the association will be December 29th, 2022. Staff will work with her to transition her duties to other staff members. A recent windstorm occurred and caused damage to the association's office site. A tree fell on the association's Chevrolet van, and an insurance claim for the vehicle damage was immediately filed by staff. Manager Kemmis is in communication with an insurance representative about the next steps in the claim process. A second tree fell on the backside of the office site property and damaged the fence. Phone and internet service were down at the office for several days but were finally restored the day of this meeting. Staff has noticed that the system's idle pump time has significantly reduced, which could indicate a water leak in the system. Staff is working to investigate the issue and plans to repair any leaks detected as quickly as possible to avoid unnecessary water loss.

Approval of October 4th Annual Meeting Minutes

Motion made by Vice President Tyler Eshleman to approve the 2022 Annual Meeting Minutes, seconded by Treasurer Donald Kemmis. The motion passes.

Approval of October 11th Board Meeting Minutes

Motion made by Treasurer Donald Kemmis to approve October's Minutes, seconded by Trustee Marek Jedrejewicz. The motion passes.

Officers Reports

Treasurer Report and Pay Bills- Staff member Renee Clarke presented a summary of the treasurer report. The financial report was prepared and distributed to the Board summarizing the financial position through November 8th, 2022 (attached). Total funds on hand are \$1,092,008.99. One transfer was made for \$76,000.00 to cover the bills from the KeyBank account. Reports were provided for the past month's expenses,

prepaid invoices, and payroll summary. Checks were presented to be signed once authorized by the board.

Current Financial Info

General Funds- \$441,838.86

Capital- \$579,323.86

Reserve- \$70,846.27

Total Expenses- \$111,566.23

Funds were transferred to the Standpipe, Pump House, and Mero restricted accounts.

Motion made by Vice President Tyler Eshleman to approve payment of the bills as presented, seconded by Secretary Terra Nicolle. The motion passes.

President- President Klicker reported that he signed share certificates and conducted a committee meeting to discuss employee wages.

Vice President- No report.

Secretary- No report.

Old Business

Annual Rate Review- Rodney presented a revised rate review memo to the board. The memo outlined that association staff has recently learned of a few unanticipated increases in operating costs. One of the increases is in water rates from the City of Everett, where the association purchases water. Another is in business insurance cost from Bancorp Insurance. Another was increases in power rates from Snohomish County PUD. Rodney reported that he made some adjustments to his financial forecast with the new cost information and found that an additional rate increase should be considered to ensure the association is covering its own costs of operation for the next several years. The new rates would include (for a single ERU member) a base rate increase of \$1.00 on a bimonthly billing cycle. The new base rate would be \$151.00 bimonthly. Larger ERU billing rates would also increase accordingly per ERU. The net effect of the recommended rate increase is a 3.65% increase for the customer using the average annual amount of water. The board discussed the recommended rate increase. If adopted, staff would plan to notify the membership of the rate increase in the association's annual newsletter, which is mailed with April's billing.

Motion made by Vice President Tyler Eshleman to adopt the rate increases as outlined in DEA Memo dated November 3rd, 2022, effective July 1st, 2023, seconded by Trustee Marek Jedrejewicz. The motion passes.

Association Banking Updates- Staff member Clarke reported that the board gave her bookkeeper authority with all association banks back in 2018. The purpose of that authority was to give staff the authority to work with banks to complete bookkeeping tasks like order materials to support banking transactions, facilitate the updating of banking signer cards, and other things. She recommended the board take action to give this authority to someone new since she is leaving the association at the end of the calendar year. Treasurer Kemmis suggested the board give this authority to Assistant Manager Kaila Klicker. Staff member Clarke also reported that she is currently working with association banks to update banking signature cards, and that she will be in touch with board trustees as needed to complete the cards at each bank.

Motion made by Vice President Tyler Eshleman to authorize Assistant Manager Kaila Klicker to complete these actions at all Association banking entities: order materials to support transactions (checks, deposit tickets, stamps, etc.), obtain statements upon request, obtain copies of transactions or checks upon request, investigate bank signer information, and facilitate the updating of signer cards, seconded by Treasurer Donald Kemmis. The motion passes.

Wage Analysis Information- President Klicker reported that he held a committee meeting to discuss wages. Assistant Manager Kaila Klicker requested that President Klicker convene an executive session so she could present some new information to the board regarding wages. An executive session is required to discuss the information because it contains private information about employee wages.

At the request of Assistant Manager Kaila Klicker, President Jay Klicker agreed to convene an executive session to discuss employee wages, seconded by Trustee Marek Jedrejewicz. The executive session began at 7:15 p.m. The executive session adjourned at 7:55 p.m.

The regular session reconvenes at 7:55 p.m. with all initial trustees present except for Trustee Yvonne Craig.

New Business

Verizon Cell Lease Modification – Staff reported that on October 14th, 2022, they received revised construction drawings, responses to DEA's April 15th, 2022 memo, and their proposed lease amendment document. Staff requested some additional information and has received it. Staff recommends that the committee formed for this project hold a meeting to discuss the response package received by staff and consider what they'd like to do next to move this proposed project forward. President Klicker asked the board to reorganize this committee since a previous member, Doug Knorr, is no longer a trustee on the board. The cell lease committee members going forward will be Jay Klicker, Donald Kemmis,

Raymond Cox, Marek Jedrejewicz, Kaila Klicker, and Rodney Langer. President Klicker said he will organize a committee meeting soon.

Policy And Protocol Updates- Staff informed the board that they have been working to review and amend the association's harassment and sexual harassment protocols, which was recommended by the association's insurance broker. Items in the association's Employee Handbook regarding the harassment protocols have been updated. Manager Kemmis also informed the board that staff updated the leak adjustment policy to require photographs and location information for service line repair in order to qualify for a leak adjustment. This change will help the association gather and obtain information about member's service lines. Keeping information about service lines will help the association keep its service line inventory current, which will be required by the U.S. Environmental Protection Agency's Lead & Copper rule starting in 2024. The board verbally agreed that all the amendments to policies and protocols sound reasonable. Policies regarding the harassment protocols have been updated. Items in the association's Employee Handbook have also been updated.

Call to Adjourn Meeting

Motion made by Vice President Tyler Eshleman seconded by Treasurer Donald Kemmis. The motion passes. The meeting was adjourned at 8:05 p.m.