

THREE LAKES WATER ASSOCIATION – BOARD MEETING MINUTES

September 13th, 2022

The Three Lakes Water Association Board of Trustees held their September 13th, 2022, Board Meeting at 7:00 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 7:03 p.m. by President Jay Klicker. A quorum was satisfied by other Board trustees in attendance: Vice President Tyler Eshleman, Treasurer Donald Kemmis, Trustee Doug Knorr, and Trustee Yvonne Craig. Trustee Raymond Cox was excused. Secretary Terra Nicolle was unexcused.

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. A member, Marek Jedrejewicz, was also present.

DEA Engineers' Report- Engineer Rodney Langer presented a summary of his status report, which was e-mailed and provided to the Board on September 12th, 2022. Highlights of the monthly DEA report are summarized as follows:

Booster Pump Station #1- Rodney reported that he received additional project submittals from the contractor, Dickson Electric, LLC. Resubmittals were required and completed. Construction is now underway and so far, two minor change orders have been approved by Manager Kemmis. Staff reported that they received the variable frequency drive (VFD) on August 15th, 2022.

Water System Plan (WSP) Update- Rodney reported that work is proceeding on chapters 1 and 2 which pertain to the existing water system and water demand forecast. DEA is working with staff on details in the chapters.

171st Water Main Replacement Project- See New and Old Business

163rd Culvert Replacement Project- Rodney reported that there has been no action on this project since the last meeting, but that they have requested rescheduling of a meeting initially scheduled for September 21st, 2022.

Annual Rate Review- See New 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 September 12th, 2022. Highlights of the monthly manager report are summarized as follows: Staff reported that they received payment for two new meter installations along with a meter downsize request. The work to complete the installations are scheduled with contractor D&G Backhoe, Inc. on September 14th, 2022. Staff is working with DEA to develop a GIS system for the Association and discussed the status of this project with Rodney on August 25th, 2022. Staff is working with representatives from Snohomish County Fire District #4 to get GPS data for all Association fire hydrants as part of this project. An easement relinquishment document was recorded with Snohomish County on August 24th, 2022, as part of the Flowing Lake Park Developer Extension. This document recording closes out the remaining work on this Developer Extension. Staff has not yet received data or communication from Tilson Technology Management Inc. since their virtual meeting on July 27th, 2022. Representatives from Tilson indicated their intentions to provide staff with some data for consideration. 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 received the operation & management manual for the soft starter for Association's Booster Pump Station #2 Pump Three from Systems Interface, Inc. and payment for the soft starter installation has been drafted for board signature. Manager Kemmis and Assistant Manager Klicker attended a lead and copper training on July 20th, 2022. They learned about the U.S. Environmental Protection Agency's requirements for the new lead and copper rules. They learned that the Association is responsible to create a service line inventory by fall of 2024, which includes identifying and supplying data for the Association's portion of the potable service line as well as the member's private service line installed up to the residence. Staff discovered that the SCADA desktop computer has not been automatically backing up its system, which was a function that had been established by Systems Interface awhile ago. Representatives came out to address the issue and automatic system backup functionality was restored. Staff is working with the Association's business insurance company to complete the annual renewal for all liability insurance policies. Staff is also working to understand any uplifts in cost for the Association's liability insurance. The fiscal year end financial statement was completed by the Association's CPA. The document was emailed to the board for review on August 31st, 2022 and will be available for member review at the annual meeting. Staff reported that they are currently working on an issue that occurred with email, and that they asked the board president for some assistance with the issue.

Approval of August 9th Board Meeting Minutes

Motion made by Trustee Doug Knorr to approve August's Minutes, seconded by Treasurer Donald Kemmis. 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 September 13th, 2022 (attached). Total funds on hand are \$1,184,979.07. One transfer was made for \$116,200.00 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- \$452,850.97

Capital- \$679,297.15

Reserve- \$52,830.95

Total Expenses- \$110,125.09

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 Treasurer Donald Kemmis. The motion passes.

President- President Klicker reported that he signed share certificates and helped staff with an email issue.

Vice President- No report.

Secretary- Not present.

Old Business

171st Water Main Replacement Project Preconstruction Loan Contract

Approval- Rodney reported that the Association's Drinking Water State Revolving Fund (DWSRF) Loan Program Preconstruction Loan was approved by the Department of Health (DOH). Staff is now working with a contract manager towards contract completion. Once the contract is signed and executed, staff can start submitting invoices to DOH for reimbursement for preconstruction activities. Preconstruction activities continue to complete the design and permitting elements for this project. The field survey and utility locates are in process along the proposed project alignment. A setup of asset information into a GIS system is in process and staff is working with Rodney to confirm information. Staff recommended the board consider taking action to authorize the board president to sign the contract for the preconstruction loan.

Motion made by Vice President Tyler Eshleman to authorize President Jay Klicker to sign the contract for the Association's State of Washington Drinking

Water State Revolving Fund preconstruction loan, seconded by Trustee Doug Knorr. The motion passes.

Fiscal Year 2021/2022 Budget Review- Staff reported that the fiscal year end budget is now complete after receiving fiscal year end adjustments from the Association's CPA. It was presented for board review.

Sanitary Survey Results- Staff reported that representatives from the Department of Health visited the Association on August 15th, 2022, to complete a required sanitary survey. The report from the survey indicated that they did not find any significant deficiencies and that staff was doing a great job managing and maintaining the Association.

New Business

171st Water Main Replacement Project Construction Loan Approval- Staff requested that the board consider taking action to approve the Association applying for a construction loan through the State of Washington Drinking Water State Revolving Fund (DWSRF) loan program. The Association plans to borrow a construction loan in the amount of \$3,500,000.00 to complete three phases of water main replacement along an area considered the Association's backbone, an area between two pump stations and the water storage standpipe. The Association is working towards contract completion on a preconstruction loan through the same program, which will help the Association pay for necessary preconstruction activities and will help for staff to be prepared to apply for the construction loan when the application cycle is open in the fall.

Motion made by Trustee Doug Knorr to approve the Association applying for a State of Washington Drinking Water State Revolving Fund construction loan in the amount of up to \$3,500,000.00 to complete the 171st Capital Improvement Project, seconded by Vice President Tyler Eshleman. The motion passes.

Annual Rate Review- Rodney presented a task order to the board about the next annual rate review. He reported that this year's review is planned to be a more in-depth review and estimated to cost up to \$3,000.00. He requested the board consider action to approve his task order so he can begin work on the rate review.

Motion made by Trustee Doug Knorr to approve David Evans & Associates, Inc. Task Order No. 20-1 Amendment 2 and authorize General Manager Donald Kemmis to sign it, seconded by Treasurer Donald Kemmis. The motion passes.

Wage Analysis Information- Upon a query from another water system regarding any job openings and current wage information, Manager Kemmis responded that there are no current job openings with the Association. He asked

the Assistant Manager to look at wage data for other companies and compare that to the Association's currently employee wages. This information was provided to the board president. The information was provided for informational purposes. Staff reminded the board that the current wage plan is set to end next calendar year. After that the board will need to consider another wage plan or an annual process to review and make recommendations for changes to employee wages. Trustee Knorr suggested the board consider hiring a third party to conduct a wage study to see how the Association's employees' wages compare to other water companies, and present wage change recommendations to the board for consideration. President Klicker recommended that the board consider coming up with a plan to review wages after Rodney reports DEA's annual rate review information to the board. The board verbally agreed with the president's recommendation.

Proposed Policy Amendment- Staff presented a policy amendment to the board and requested the board consider approving the amendment. The policy amendment allows the Association to work with members who change Association facilities in the right of way in a way that does not abide by Association standards and could cause harm to facilities. This policy also allows the Association to fix any potential issues themselves and charge the member a fee for that work. The board worked to make a few edits to the proposed policy amendment.

Motion made by Vice President Tyler Eshleman to approve the amendment to the Association's New Share and Share Transfer Policy, seconded by Treasurer Donald Kemmis. The motion passes.

ADU Discussion- Vice President Eshleman asked staff what the Association's policies were regarding the addition of an accessory dwelling unit (ADU) on a member's property. He wanted to know if the addition of an ADU triggered the need for a new additional water service. Staff informed him that Association policy states one meter per parcel, and how the members use water beyond that is up to them. Staff will continue to do their best to inform members of how to best use water based on their specific questions and needs.

Association Annual Meeting- Manager Kemmis reminded the board that the Association's annual meeting is coming up and scheduled for October 4th, 2022. Staff has prepared the invitations for the meeting and voting ballots, which will be mailed to members on September 14th, 2022. Staff informed the board that member Marek Jedrejewicz has expressed interest in potentially serving as a trustee on the board. Trustee Knorr informed the board that his trustee position is up for reelection this year, but that he does not plan to run again. The board thanked Doug for his years of service as a trustee on the board.

Call to Adjourn Meeting

Motion made by Vice President Tyler Eshleman seconded by Trustee Doug Knorr. The motion passes. The meeting was adjourned at 9:05 p.m.