

THREE LAKES WATER ASSOCIATION – BOARD MEETING MINUTES

May 10th, 2022

The Three Lakes Water Association Board of Trustees held their May 10th, 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 7:01 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 Raymond Cox. Secretary Terra Nicolle was excused.

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 May 10th, 2022. Highlights of the monthly DEA report are summarized as follows:

Booster Pump Station #1- See Old Business

Water System Plan (WSP) Update- Rodney reported that chapters one and two of this update are currently pending his review.

AC Water Main Replacement Project- See Old Business

Verizon Cell Lease Modification - Rodney had no new business to report.

163rd Culvert Replacement Project- Rodney reported that we are still waiting to get an updated project summary from Snohomish County and that a meeting has been postponed again to May 24th, 2022. Representatives from the county have confirmed that a downstream culvert and a second water main crossing is not anticipated to be impacted as part of this project. The construction work for this project is also now being postponed from the fall of 2023 to 2024.

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 May 9th, 2022. Highlights of the monthly

manager report are summarized as follows: A new meter was installed on May 4th, 2022, by contractor Puget Sound Tapping Services LLC to upsize a current member's water meter. A few adjustments were made to the soft starter parameters for the startup of Pump Three at the Association's Booster Pump Station #2 on April 13th, 2022, by Systems Interface Inc. Staff is still waiting for Systems Interface to provide the Operations & Maintenance documentation for the soft starter. The Association's long-standing contact for Systems Interface, Royce Herring, will be moving out of state and available only for remote support. A new representative will be available for onsite support. Staff received confirmation from Tilson Technology Management Inc. on April 26th, 2022, that the submittal of construction plan revisions and lease agreement amendments were received. A developer contacted staff to express interest in restarting a water main extension for a new development. Staff responded to the request by informing them that a new Developer Extension application is required. The developer informed staff that a portion of the development is tentatively scheduled to be constructed late summer of this year. Staff training occurred on April 18th, 2022, on the new meter reading equipment and software. Staff was able to successfully read meters and bill with the billing software. There were a few issues with the new meter reading process that staff intends to work with customer support from the two different software companies to fix so that there are not issues in the future. Manager Kemmis and Staff Clarke have created a new reduced hours work schedule that accommodates her responsibilities but also allows her to continue to serve as an asset to the Association. Staff Way plans to continue to work a full-time schedule. Assistant Manager Klicker also reminded the board that she plans to come back to work at full time after her maternity time ends at the end of June. Staff is preparing the Fiscal Year 2022/2023 draft budget for the board president's review, which is part of the annual process to approve a new fiscal year budget. The Annual Newsletter was mailed with April water bills and reflects new residential water rates which will go into effect in July this year. An annual purveyor analysis was completed by staff to compare water rates to other local utilities. The outcome of that analysis shows that the new rates are similar to other purveyors in the area. The analysis is available for Trustee and member review. At an EWUC (Everett Water Utilities Committee) meeting, staff learned that the Association will be required to perform an extensive investigation and analysis to create a service line inventory in preparation for the new lead and copper rules. Manager Kemmis plans to attend a training on June 9th, 2022, to learn more about the new rules. Staff received the Association's operating permit from the Washington State Department of Health on April 25th, 2022.

Manager & Cross Connection Report Addendum

Staff reported that there are currently three members in jeopardy of share revocation if payment is not received to lower their account balances by May 31st, 2022. One of the members has been in contact with staff and is working towards lowering their account balance by making payments. Association policy dictates that after late fees are assessed, staff will start the process of revoking the members shares. Manager Kemmis asked the board if they'd like staff to follow policy with the member who is working to lower their balance or do something else. The board verbally agreed that a payment plan should be made with that member and if they make the payments as scheduled

then staff can defer the process to revoke their share. Staff plans to begin the share revocation process for the members who are not working to lower their account balances if no payments are received.

Approval of April 12th Board Meeting Minutes

Motion made by Trustee Doug Knorr to approve April's Minutes, seconded by Vice President Tyler Eshleman. 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 May 10th, 2022 (attached). Total funds on hand are \$1,260,913.13. One transfer was made for \$72,800.00 to cover the bills from the KeyBank account. One transfer was made for \$6,000.00 from a capital account to an operating account to accommodate the capital reconciliation for the third quarter of fiscal year 2021/2022. 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- \$408,151.89

Capital- \$738,022.89

Reserve- \$114,738.35

Total Expenses- \$79,829.20

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

Motion made by Trustee Raymond Cox to approve payment of the bills as presented, seconded by Vice President Tyler Eshleman. The motion passes.

President- President Klicker reported that he signed share certificates.

Vice President- No report.

Secretary- Not present.

Old Business

Booster Pump Station #1- Rodney reported that an order for the Variable Frequency Drive (VFD) was placed by Manager Kemmis on April 28th, 2022, from All-Phase Electric Supply Co. The purpose of the VFD is to control pressure increases and decreases during pump start and stop at Booster Pump Station #1. The VFD is expected by late May or early June. Bids for a generator were solicited by Rodney as authorized by the board at the last meeting. Two of the three vendors returned bids for the generator. A summary of bids and

recommendation for board action was presented to the board. Rodney also recommended that the board consider action to solicit bids for necessary electrical work at Booster Pump Station #1, which will be needed for the VFD and is a part of the project. He anticipates that bids can be received and reviewed prior to the next board meeting.

Motion made by Treasurer Donald Kemmis to approve for the General Manager to enter into an agreement with the generator supplier per recommendation from David Evans & Associates, Inc. (DEA) per DEA memo dated May 9th, 2022, seconded by Vice President Tyler Eshleman. The motion passes.

Motion made by Trustee Doug Knorr to approve contract award to the lowest responsive bidder, as recommended by David Evans & Associates, Inc. and agreed by Manager Donald Kemmis, and for the Board President Jay Klicker to sign the contract, for Booster Pump Station #1 Electrical Upgrades work, seconded by Treasurer Donald Kemmis. The motion passes.

AC Water Main Replacement Project- Rodney reported that he discussed with Manager Kemmis the possibility of adding design and replacement work funds for the 163rd Culvert Replacement Project to the Association's Drinking Water State Revolving Fund (DWSRF) loan. Manager Kemmis agreed that is a good idea to add that to the scope of work the Association plans to consider borrowing DWSRF program loan funds for. The board verbally agreed with Manager Kemmis. An Additional Scope of Work memo was presented to the board. The scope of work was for DEA's support for staff to fill out the preconstruction and construction loan applications. Rodney suggested the board consider action to approve the work and pricing in the memo and authorize Manager Kemmis to sign the task order for the work.

Motion made by Trustee Doug Knorr to approve David Evans & Associates, Inc. proposed Task Order 22-01 – Amendment No. 1 and authorize for General Manager Donald Kemmis to sign the amendment on behalf of the Association, seconded by Treasurer Donald Kemmis. The motion passes.

New Business

Revenue Policy Amendment- Staff reported that a current member, who owns adjoining tax parcels, is planning to add a guesthouse on their parcel that is currently not served by the Association. Documentation was received from Snohomish County that defines that they consider the two parcels to exist as one legal lot. The current revenue policy defines that the Association serves one water meter per tax parcel. Staff recommends the board consider an amendment to the revenue policy that adds language to clarify the Association's rules in a circumstance like this.

Motion made by Trustee Doug Knorr to add an amendment to the Association's Revenue Policy that reads "in cases in which Snohomish County deems two adjoining tax parcels to be considered one legal lot, one meter and service connection shall be allowed for the two tax parcels considered by the County to be one legal lot", seconded by Treasurer Donald Kemmis. The motion passes.

Cross Connection Control Plan Notification Fee- Staff reported that they are experiencing difficulties getting members to test their backflow assemblies as required by the Association's Cross Connection Control Plan, which is a plan required by Washington State Department of Health. Staff recommended the board consider a potential fee that could be assessed to members who do not comply in a timely manner to testing requirements. The board discussed the option and asked staff to create a proposal for them to consider at the next board meeting.

Meter Installation Fee Review- Staff reported that they were recently informed by the Association's contractors that their costs are increasing. The costs for parts related to meter installations have also increased. Staff recommended the board consider an increase to the Association's meter installation fee, which is currently a flat rate depending on the meter size a new member wishes to purchase. The board asked for staff to do more research into other local purveyor's installation costs and prepare a recommendation for the board to consider at the next board meeting.

Call to Adjourn Meeting

Motion made by Vice President Tyler Eshleman seconded by Trustee Doug Knorr. The motion passes. The meeting was adjourned at 9:15 p.m.