

THREE LAKES WATER ASSOCIATION – BOARD MEETING MINUTES

April 12th, 2022

The Three Lakes Water Association Board of Trustees held their April 12th, 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 7:02 p.m. by President Jay Klicker. A quorum was satisfied by other Board trustees in attendance: Secretary Terra Nicolle, Treasurer Donald Kemmis, Trustee Doug Knorr, and Trustee Raymond Cox. Vice President Tyler Eshleman 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.

DEA Engineers' Report- Engineer Rodney Langer presented a summary of his status report, which was e-mailed and provided to the Board on April 11th, 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 DEA staff is working on the first few chapters of the new water system plan, which are about the existing water system and the water demand forecast. Rodney plans to review the first few chapters when a draft is ready.

Annual Rate Review- See Old Business

AC Water Main Replacement Project- Rodney reported that DEA staff is working on the scope of engineering, surveying, and permitting requirements for this proposed project. This replacement project's goal is to replace about three miles of water main facilities between the Association's two booster pump stations and standpipe. Rodney has visited the project site with DEA's permitting lead to understand potential environmental constraints to the project. Rodney anticipates having a project proposal for the board to consider at the next board meeting.

163rd Culvert Replacement Project- Rodney reported that a meeting with Snohomish County representatives has been postponed until April 26th, 2022.

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 April 8th, 2022. Highlights of the monthly manager report are summarized as follows: The City of Everett completed their scheduled effluent valve work on March 22nd, 2022 and there were no interruptions of service to the Association. Staff has been monitoring Pump Three at the Association's Booster Pump Station #2 after a new soft starter was installed on the pump. Manager Kemmis noticed a vibration and noise in the pump when it began to operate so he contacted PumpTech, LLC to notify them of the concern. A PumpTech technician inspected the pump on March 23rd, 2022 and determined that the vibration was well within the manufacturer's tolerance range. A new heater was installed at Booster Pump Station #2 and is now fully operational. Staff received an inquiry about a multi home development within the Association's retail service area and staff responded appropriately to the inquiry. Multiple software upgrades have been completed on the Association's billing system software to progress the Association's project to upgrade the meter reading device. The meter reading software company confirmed compatibility with the billing software. Training on a new meter reading device is scheduled on April 18th, 2022. Association manuals and documentation have been reviewed and updated by staff in preparation for a sanitary survey. The sanitary survey will be performed by Washington State Department of Health, and they will assess the Association's ability to provide safe and clean drinking water and manage the business. Manager Kemmis climbed the standpipe on March 7th, 2022 to take pictures of the top of the tank and overflow piping to prepare pictures necessary for the survey. The survey will be scheduled once DOH representatives contact staff to do so. Staff has prepared the Association's Annual Newsletter, which will be printed and mailed with April water bills. The Consumer Confidence Report was completed and posted to the Association's website, where members can go to review the document. It was also sent to DOH on April 4th, 2022 as annually required. Staff received information that additional funds may be available after the Association's Paycheck Protection Program loan in 2020. Staff contacted KeyBank directly and were informed that the communication was a solicitation from a business and that there are no additional COVID-19 related relief funds available at this time. Staff Member Way continues to work towards upgrading existing computer equipment. An additional laptop was purchased to increase the ability for staff to complete work remotely.

Manager & Cross Connection Report Addendum

On April 11th, 2022 staff noticed that there was a hole cut into the Association's chain link fence at the office site. Once the breach in security was discovered, immediate action was taken to identify and confirm safety and security of the water system itself. Staff contacted Snohomish County Sheriff's Office and the Washington State Department of Health to request advice on how to proceed. Several actions advised by a DOH representative had already been performed by staff. A sheriff visited the site to collect evidence and establish a case number. The sheriff indicated that this incident will

likely be prosecuted as a felony. The Association's fire extinguisher certificates were renewed on March 29th, 2022, which is an annual process to maintain them.

Approval of March 8th Board Meeting Minutes

Motion made by Trustee Doug Knorr to approve March's Minutes, seconded by Secretary Terra Nicolle. 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 April 12th, 2022 (attached). Total funds on hand are \$1,288,453.13. One transfer was made for \$79,000.00 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- \$422,680.48

Capital- \$760,037.02

Reserve- \$105,735.63

Total Expenses- \$82,365.05

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

Motion made by Trustee Doug Knorr to approve payment of the bills as presented, seconded by Trustee Raymond Cox. The motion passes.

President- President Klicker reported that he attended the committee meeting to discuss the Verizon Cell Lease Modification project. He also had a few conversations with Manager Kemmis about the variable frequency drive order for Booster Pump Station #1 and the April 11th, 2022 security breach.

Vice President- Not present.

Secretary- Secretary Nicolle reported that she signed share certificates.

Old Business

Booster Pump Station #1- Rodney reported that after researching the two options he presented to the board at the last meeting to control pressure increases and decreases during pump start and stop at Booster Pump Station #1 he recommended the option of a variable frequency drive (VFD). The estimated net increase in project expenses for this option is estimated to be \$14,000.00 and this recommendation was accepted by Manager Kemmis and President Klicker as authorized at the last board meeting. An electrical engineer is working on

confirming the VFD specifications so staff can purchase the correct parts. They are also working on identifying specifications for the generator in preparation for a solicitation for bids to install the generator and electrical work needed for it. The VFD order will be placed by Manager Kemmis once the specifications are confirmed. Rodney recommended the board take action to approve the solicitation for a bid to purchase the generator and automatic transfer switch. He also recommended the board take action to approve the solicitation of bids for installation and electrical work. Staff reported that representatives from the City of Everett had re-installed their monitoring equipment at this station on March 9th, 2022 in order to resume their standard monitoring practices.

Motion made by Treasurer Donald Kemmis to approve David Evans and Associates, Inc. to solicit bids for purchase of a standby power generator and automatic transfer switch, and to solicit bids for installation and electrical work for Booster Pump Station #1, seconded by Trustee Raymond Cox. The motion passes.

Verizon Cell Lease Modification– Staff reported that a committee meeting was held on March 15th, 2022 to discuss the proposed modifications to the Verizon cell lease agreement and equipment installed on the Association’s standpipe as requested by Verizon. Based on direction from the committee, Rodney drafted a revised amendment document to the lease agreement. That document was then sent to the Association’s legal counsel, Eric Frimodt with Inslee Best, for review and refinement. He has returned the draft with a few clarifications. The revised amendment document to the lease agreement is now ready to submit back to Verizon. DEA staff is working on completion of a plan and equipment review memo and should have that ready soon, with a plan for this to first be reviewed by Manager Kemmis then send it to Verizon. Rodney recommended the board take action to approve the proposed changes to the Verizon cell lease agreement based on committee recommendations and forward them onto Tilson Technology Management. He also recommended the board take action to concur with recommendations of the manager and engineer on the technical elements of Verizon’s proposal and their comments on those elements be forwarded onto Tilson Technology Management.

Motion made by Treasurer Donald Kemmis to approve the proposed changes to the Verizon cell lease agreement per the committee and forward them onto Tilson Technology Management, and that the board concur with Manager Donald Kemmis and Rodney Langer’s recommendations on the technical elements of Verizon’s proposal and that those also be forwarded to Tilson Technology Management, seconded by Secretary Terra Nicolle. The motion passes.

Annual Rate Review- Rodney presented a rate review memo to the board with a proposed rate increase that would be effective July 1st, 2022. DEA compared the Association’s financials for the last fiscal year to the overall financials and forecasted rates. Forecasted rates include increases due to the rising expenses

like water and power, wages, benefits and rising capital expenses due to aging infrastructure within the Association. Rodney recommended that the board approve the rate increase. The new rates would include (for a single ERU member) a base rate increase of \$13.00 and a tier increase of \$0.30/CCF for use above 600 CCF on a bimonthly billing cycle. The new base rate would be \$147.00 bimonthly. The new rate for a non-user would be \$24.21 per account. Larger ERU billing rates would also increase with the commodity charge increase of \$0.30/CCF. The memo also included a recommendation to increase the Association's General Facility Charge (GFC) by \$1,000.00. The new GFC cost would be \$13,000.00 per ERU. The board verbally agreed that it would be best to prepare messaging for the membership in written notifications to be mailed with water bills. Staff will work to prepare notification.

Motion made by Treasurer Donald Kemmis to adopt the rate and General Facility Charge increases as outlined in DEA Memo dated April 12th, 2022 effective July 1st, 2022, seconded by Secretary Terra Nicolle. The motion passes.

Trustee Question- Secretary Nicolle asked if staff had researched the possibility of people attending the board meeting who are not members of the Association. This topic had been discussed at a previous board meeting. Staff reported that they reviewed documentation and that the By-Laws would need to be amended to allow nonmembers attendance at board meetings, and that it is a complicated process which can typically only be done once a year at the annual meeting in October.

New Business

Employee Evaluations & Wage Plan- Staff reported that annual employee evaluations were completed. Staff emailed the board on April 28th, 2022 informing them the process had been completed and that documentation could be reviewed by trustees if they wished to do so. An annual payroll audit was also completed as a part of this process and is also available for trustee review. Since the evaluations are complete and deemed to have positive outcomes, the adopted 2019 Wage Increase Plan will go into effect in May. This plan was established by the board in May of 2019, and since it was a plan established for all staff members, Manager Kemmis has elected to include all staff in the plan.

Staff Announcements- Staff Member Clarke announced to the board that she has discussed with Manager Kemmis her plans to continue to serve as an asset for the Association but scale back her work schedule a little bit. Manager Kemmis informed the board that he has informed Clarke that he will work with her to find a schedule that is beneficial for her and the Association, and that if any trustees had input to contact him. Assistant Manager Klicker announced that she now plans to extend her family leave through the Washington State Paid Family &

Medical Leave program. Manager Kemmis informed the board that he has accepted her plans to extend her additional leave.

Call to Adjourn Meeting

Motion made by Trustee Doug Knorr seconded by Treasurer Donald Kemmis. The motion passes. The meeting was adjourned at 8:36 p.m.