

THREE LAKES WATER ASSOCIATION – BOARD MEETING MINUTES

October 11th, 2022

The Three Lakes Water Association Board of Trustees held their October 11th, 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: Treasurer Donald Kemmis, and Trustee Raymond Cox. Secretary Terra Nicolle and Trustee Yvonne Craig were excused. 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. Two members, Marek Jedrejwicz and Heidi Mann, were also present.

Board Member Election Results- Staff reported that ballots were received by mail and tallied for the annual meeting. Trustee election results were announced by staff.

Donald Kemmis – 3 year term (Position #7)
Marek Jedrejwicz – 3 year term (Position #8)
Yvonne Craig – 2 year term (Position #4)
Heidi Mann – 2 year term (Position #6)

No other nominees were presented.

DEA Engineers' Report- Engineer Rodney Langer presented a summary of his status report, which was e-mailed and provided to the Board on October 10th, 2022. Highlights of the monthly DEA report are summarized as follows:

Booster Pump Station #1- Rodney reported that the electrical upgrade work including a transformer change by Snohomish County PUD has been complete, and that Manager Kemmis was present during an inspection performed by Washington State Labor & Industries and results appeared to be positive. A pay estimate document was prepared and signed by contractor Dickson Electric, LLC for the electrical upgrade work. Staff has drafted a check for payment of the pay estimate, and it is present for board approval at tonight's meeting. A technician is scheduled to be onsite on October 17th, 2022, to complete the installation of the

variable frequency drive equipment and do a startup test. Propane storage tanks were purchased and installed onsite. The generator's delivery date is planned for July of 2023.

Water System Plan (WSP) Update- Rodney reported that four of ten chapters have been drafted and are being reviewed by Association staff. The four chapters being reviewed are chapters one, five, six, and seven. DEA is currently working on details of the water demand forecast, which will be used to help determine the system's supply, storage, and distribution needs.

171st Water Main Replacement Project- Rodney reported that DEA has a draft construction application, and they are working on several items for application submittal. The base mapping and environmental review is mostly complete for the project. A setup of asset information into a GIS system is in process and staff is working with Rodney to confirm information. Staff is still working with the Department of Health's (DOH) representative contract manager towards contract completion for the Association's approved preconstruction loan through the state's Drinking Water State Revolving Fund program. Staff member Clarke and Rodney both attended an informational training hosted by DOH to learn more about this year's construction loan cycle on September 21st, 2022. The application deadline for construction loans is November 30th, 2022.

163rd Culvert Replacement Project- Rodney reported that there has been no action on this project since the last meeting, but that the next meeting regarding this proposed project is scheduled for October 19th, 2022. Staff and Rodney hope to learn more about the project at this meeting.

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 October 10th, 2022. Highlights of the monthly manager report are summarized as follows: Staff reported three-meter installations were completed on September 14th, 2022, with the assistance of contractor D&G Backhoe, Inc. One of the installations was a meter downsize from a 1" meter size to a 5/8" size, which is the most common meter size in the system. Staff worked with representatives from Snohomish County Fire District #4 to obtain GPS data for all Association fire hydrants and found the information provided to be inaccurate. Staff is researching the costs of devices used to acquire GPS locations for facilities, which could be useful tools for Association staff in the future. Staff is in discussion with DEA to confirm the compatibility between a GIS device and DEA's GIS software. Manager Kemmis emailed a Verizon representative on October 6th, 2022, requesting status on Verizon's proposed equipment upgrade project, since staff provided feedback to

Verizon on their plans in April and still have not had communication from them. Verizon's proposed start date for construction on the project was early November, and staff needs adequate time to respond to any proposed agreement or plan changes for their project. A member with multiple parcels in the Association contacted staff to ask questions about which parcels the Association serves potable water to. Staff investigated and found that the Association serves a parcel which was not entered correctly into the billing database. Staff has corrected this error and documented the re-association of the parcel for records. The annual meeting occurred on October 4th, 2022, and trustees have been elected. The board will conduct officer elections at this meeting. 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 hopes this month's meter read will confirm there are no longer issues with the importing process. Staff is continuing to create a service line inventory, as required by the U.S. Environmental Protection Agency by fall of 2024. Staff members Clarke, Kemmis, and Klicker all attended a training for utility board roles and responsibilities on October 5th, 2022. The training earned each participant 0.5 Continuing Education Units (CEUs), which are required to be earned to keep water system certifications through the Department of Health current.

Approval of September 13th Board Meeting Minutes

Motion made by Treasurer Donald Kemmis to approve September's Minutes, seconded by Trustee Raymond Cox. The motion passes.

Officers Reports

Treasurer Report and Pay Bills- Staff member Seth Way presented a summary of the treasurer report. The financial report was prepared and distributed to the Board summarizing the financial position through October 11th, 2022 (attached). Total funds on hand are \$1,171,010.71. One transfer was made for \$99,100.00 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- \$481,440.77

Capital- \$627,738.99

Reserve- \$61,830.95

Total Expenses- \$97,938.86

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

Motion made by Treasurer Donald Kemmis to approve payment of the bills as presented, seconded by Trustee Marek Jedrejewicz. The motion passes.

Staff notified the board that there is one bank account, a CD, which is going to renew at the end of the month. Treasurer Kemmis also reminded the board that they should consider taking action to update the Association's banking signature cards after the annual trustee election process.

Motion made by Treasurer Donald Kemmis to remove Doug Knorr and from all Association banking entity signature cards, and to make the following trustees' signers on all Association banking signature cards effective October 11th, 2022: Donald Kemmis, Raymond Cox, and Tyler Eshleman, seconded by Trustee Raymond Cox. The motion passes.

President- President Klicker reported that he signed a few share certificates.

Vice President- Not present.

Secretary- Not present.

Old Business

Annual Rate Review- Rodney presented a rate review memo to the board with a proposed rate increase that would be effective July 1st, 2023. 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 \$3.00 and a tier increase of \$0.25/CCF for use above 600 CCF on a bimonthly billing cycle. The new base rate would be \$150.00 bimonthly. Larger ERU billing rates would also increase with the commodity charge increase of \$0.25/CCF. The net effect of the recommended rate increase is a 3.06% increase for the customer using the average annual amount of water. The board verbally agreed that it would be best to prepare messaging for the membership in written notifications to be mailed with water bills and using the Association's online presence. Staff will work to prepare notification.

Motion made by Treasurer Donald Kemmis to adopt the rate increases as outlined in DEA Memo dated October 8th, 2022, effective July 1st, 2023, seconded by Trustee Marek Jedrejewicz. The motion passes.

Wage Analysis Information- President Klicker informed the board that he wanted to revisit this topic after the discussion at the last board meeting. He

proposed that the board participate in a committee meeting outside of the regularly scheduled meetings to discuss any potential changes to the current employee wage plan and possibly consider a replacement plan, as the current plan ends in the year 2023. The president stated that he will send out invitations to board trustees for a virtual meeting where current and future wages can be discussed.

New Business

171st Water Main Replacement Project Engineer Selection – Staff reported that a requirement to select an engineer with a competitive process was discovered as part of the requirements for the state’s Drinking Water State Revolving Fund program. In order for preconstruction and construction activities to be refundable by the program, staff conducted a competitive selection process to choose a company to provide engineering services for the Association’s 171st Ave SE Capital Improvement Project. An ad was placed in the Daily Herald on September 19th and September 26th, 2022. The closing date for proposal submission is October 10th, 2022. The Association received only one proposal for project services from David Evans and Associates, Inc. (DEA). Manager Kemmis recommended the board take action to award the engineering services for this capital improvement project to DEA.

Motion made by Treasurer Donald Kemmis to accept staff’s recommendation to select David Evans and Associates, Inc. (DEA) as the consulting engineer to support the Association for the 171st Ave SE Capital Improvement Project, seconded by Trustee Raymond Cox. The motion passes.

Systems Interface Integration – Rodney presented to the board a quote for work from Systems Interface, Inc. The quote is for work to tie into the existing telemetry system at Booster Pump Station #1 the new equipment being installed, a variable frequency drive and generator. This work will help current a future Association staff better monitor the system. The total quote for the tie in work is \$7,900.00. Staff recommended that the board take action to approve this quote.

Motion made by Treasurer Donald Kemmis to approve Systems Interface Inc. proposal dated September 8th, 2022, seconded by Trustee Heidi Mann. The motion passes.

Officer Elections- Rodney created Zoom polls for the board to vote for officers. Any Trustee who is not present has the right to decline the elected officer position when present at a following board meeting.

The Officer positions for October 2022 through October 2023 are as follows:

President- Jay Klicker
Vice President- Tyler Eshleman
Secretary- Terra Nicolle
Treasurer- Donald Kemmis
Alternate- Raymond Cox

Insurance Renewal- Manager Kemmis informed the board that staff is still working with the Association's insurance company on renewal. A proposal was provided by an insurance underwriter that the Association has used in the past, but this year came with a significant cost increase. Staff is working to complete an application for another underwriter in hopes that their proposal would be more cost effective than the one initially provided. Staff will report the results of the new proposal to the board when they receive a new proposal. Manager Kemmis also informed the board that the insurance company's representative recommended that staff review the company's employee handbook and harassment policies. Staff plans to review those items and will report any recommended changes to the board.

Call to Adjourn Meeting

Motion made by Trustee Heidi Mann seconded by Treasurer Donald Kemmis. The motion passes. The meeting was adjourned at 7:39 p.m.