

THREE LAKES WATER ASSOCIATION – BOARD MEETING MINUTES

January 14th, 2025

The Three Lakes Water Association Board of Trustees held their January 14th, 2025 Board Meeting at 6:00 pm. in a hybrid setting at the Association office, located at 17503 58th St SE, as well as virtually, utilizing phone and webinar technologies. The Association website and Facebook page requested members who wish to address the Board to inform the Board President by email to 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 Marek Jedrzejewicz. A quorum was satisfied by other Board Trustees in attendance: Vice President Tyler Eshleman, Secretary Terra Nicolle, Treasurer Steve Lefebure, Trustee Donald Kemmis, Trustee Ray Cox, and Trustee Heidi Mann.

Members, Guests & Employees –

Engineer's Rodney Langer and Zack Worley of David Evans and Associates, Inc. (DEA). Engineer Worley logged off at 6:45 pm.

Staff Member's Kaila Klicker, Seth Way, and Brittany Henning, who was the recording secretary for this meeting.

Member requests for the meeting link: Susan Kemmis, Jay Klicker and Curtis Turnell.

In person attendance: President Marek Jedrzejewicz, Vice President Tyler Eshleman, Treasurer Steve Lefebure, Trustee Donald Kemmis, Engineer Rodney Langer, Assistant Manager Kaila Klicker who left at 7:50 pm and returned virtually at 8:05, Staff: Seth Way and Brittany Henning.

Virtual attendance: Secretary Terra Nicolle, Trustee Heidi Mann, Trustee Ray Cox who logged off at 8:00 pm, Engineer Zack Worley, Members Susan Kemmis, and Jay Klicker.

DEA Engineers' Report

Engineer Rodney Langer presented a summary of DEA's status report, which was e-mailed and provided to the Board on January 10th, 2025. Highlights of the monthly report are summarized as follows:

171st AC Water Main Replacement Project –

GIS and Asset Management – All editing has been completed, and maps are available for the Association.

Phase 1 – All requirements have been satisfied, and Phase One is now complete; DEA's project duties have been fulfilled. Retainage check has been dispersed in accordance with contract.

Phase 2 – Record drawings are completed, and prints are available for the Association. Retainage payment will be dispersed pending fulfillment of contractor obligations.

Phase 3 – The public works predesign has been approved by the County. With design complete, the bid opening will occur on January 29th, following with a recommendation for the Board to consider an award of the contract at the February Board Meeting, and plan to issue a Notice to Proceed on June 2, 2025. The Right of Way Permit has been applied for and is pending Snohomish County approval.

Annual Water Rate Review – Engineer Langer shared rate review details with various options for implementation with Board input and group discussion. Points of conversation included but were not limited to: Everett increasing the price of distributed water by a significant uplift, water use trends, distribution of charges to members based on the Revenue Policy, and future rate anticipation. The group discussion included: GFC cost adjustment, length of water main not replaced vs replaced - representative of main break data and projects benefitting from upgrades, comparison of neighboring purveyors GFC rates. DOH requires a balanced budget and clear ability to pay for loans, which must be tied into this review. Further questions from the Board were answered by Engineer Langer and Manager Kemmis to better understand the data involved with this process. Ideas were discussed on how to better communicate future rate increases to members.

Financial Program Overview – Engineer Langer distributed the details provided from the in-person office meeting held with Treasurer Lefebure to the Board, including details of financial program and policies, management of long-range forecasting, budgeting datasets, and bank management tools.

Verizon Lease Support – An administrative checklist, derived from the updated lease agreement, was provided by DEA. The Association's retroactive rent payment based on the newly signed lease amendment was received and was discussed with the Board.

Everett Water Supply Agreement – DOH has recommended to the Association to develop a “long-term water supply agreement” with the City of Everett, in relation to the Association’s WSP approval. DEA has begun to source data, review other submitted agreements that would assist in considering the advantages and disadvantages of this arrangement, as well as outlining the intentions for discussion with the Board.

Manager & Cross Connection Report

Assistant Manager Kaila Klicker presented a summary of the Manager’s Report, which was e-mailed and provided to the Board on January 10th, 2025.

The idle pump time, as of January 6th, was 4 hours and 5 minutes with an average 24-hour volume of 19,167 c.f. Non-revenue water, as of December, was calculated at a 14.5% loss. For comparison, this past October’s non-revenue water was calculated at 12.99%. This same time last year was calculated at 13.74% and December 2022 at 33.53%. Minimal communication failures requiring manager response occurred throughout the month.

A main break event took place along the 16500 block of Three Lakes Road, following County culvert maintenance work. Staff Way and Staff Henning were asked to report findings around an area of ditch that appeared to have been upheaved along an area of water main. Chlorine was detected in suspect water, signifying the presence of potable water coming from the main line. D&G Backhoe was able to come out the next day to assist with the repair to mitigate the leak without compromising the pressure of the system.

On December 20th, a potentially dangerous tree, which had fallen during the windstorm, and a few others, were successfully managed by Manager Kemmis and Staff Way to protect an adjoining neighbor’s property. After several days of work, they were able to mitigate the imminent threat that would have likely occurred in the event of another storm. Fence work has been initiated for repair in the following weeks.

There were two extended events involving the City of Everett on December 12th and 17th, where staff monitored the system after hours. Both events were successful, and our water system performed as expected. One new service along 171st Ave SE was paid for on December 9th and installed by D&G on January 6th. Throughout the month, all Association generators were serviced by Tripped Electric. The generator at Booster Pump Station #2 is being investigated to identify maintenance needs. Booster Pump #3 shows unusual patterns while initiating, additional component parts are being considered for purchase to have available when needed if any failures were to occur. Manager Kemmis has been in contact with Verizon representatives regarding the unauthorized site access by a Verizon vendor. The investigation is complete, and a penalty fee has been applied. 12 private service line material types, out of 52, have been identified this month, by staff, to include within the statistical analysis pertaining to the EPA’s Lead Service Line Inventory.

Last January, the Board agreed to a policy for handling the cost-of-living adjustments which would go into effect January 1st, 2025. The draft policy was distributed this past February and November and awaits the next steps forward. Auto-pay enrollment continues to see regular activity with 33% of members enrolled online and 22% utilizing the auto-pay feature. January 27th marks the maturity of the Association's CD account; Staff has investigated available terms and conditions. A check will be requested from Pacific Crest bank in the amount of \$14,574.96 to deposit into an alternate capital account.

Tyler Eshleman, as the chair of the Communications and Relations Committee, offered to look over last year's Annual Newsletter in preparation for curating this year's letter to the members. The committee is to return the Annual Newsletter for preparation by March 31st. Freeze control and confirmation of the accessibility of meters is on-going, as well as general system maintenance and field support, as needed. December's bacteriological samples were satisfactory. Stage Two testing for disinfection by-products came back showing an 8% increase in TTHM levels and 75% increase for HAA5, as compared to the previous testing period; these reported levels remain below the EPA's maximum MCL's.

SAM renewal has been initiated for the next 3 years, allowing for a discount in price for the extended renewal.

Approval of December 10th's Board Meeting Minutes

Motion made by Vice President Eshleman to incorporate Treasurer Lefebure's submitted Treasurer's Report within the distributed monthly Board Packet to all Board Members going forward, seconded by Secretary Nicolle. The motion passes with none opposed.

Officer's Reports

Treasurer Report and Pay Bills - Staff Henning presented a summary of the Treasurer's report. The financial report was prepared and distributed to the Board summarizing the financial position through January 14th, 2025. Total funds on hand are \$1,250,355.39. A transfer in the amount of \$125,000.00 was transferred between accounts to cover this month's bills. Reports were provided for the past month's expenses, prepaid invoices, and payroll summary. Checks were presented to be approved for payment by the Board.

Current Financial Information

General Funds- \$ 257,014.21

Capital Funds- \$ 754,841.00

Reserve Funds- \$ 238,500.18

Total Expenses- \$ 119,974.03

Motion made by Secretary Nicolle to approve payment of the bills as presented, seconded by President Jedrzejewicz. The motion passes with none opposed.

President – Signed shares and checks for accounts payable.

Vice President – Signed checks for accounts payable. Communications Committee update: Member Kaila Klicker is dropping from the committee due to scheduling. Discussion held regarding the Code of Structure between Trustees, Manager and Staff, concerning the delegation of duties and tasks as part of the internal office construct and employee responsibilities.

Secretary – Signed shares and checks for accounts payable.

Treasurer – Treasurer Lefebure submitted a written report, highlights from the report include: seeking opportunities for cash investments, reviewing the rate model and the impact on members, suggestion to reallocate DEA expense and identifying their role in assisting the Association, made suggestions to refrain from reporting all revenue and expenditures, in detail, within the Association's monthly financial report activities. Following the Treasurer's report, it was noted by the board that the financial report will remain as it is, in its entirety, for transparency purposes. Engineer Langer clarified to Treasurer Lefebure that DEA is not operating in a staff extension role and does not provide legal and accounting consulting services as stated within Treasurer Lefebure's report.

Secretary Nicolle commented on the incongruency between the current financial reporting process and Treasurer Lefebure's suggested reporting process. It was agreed that the financial report would include all revenue and expenses to be shared as typically done, highlighting unusual, or account transactions in excess of typical expenditures, to maintain transparency between the Association office programs and Board Meeting reports.

Old Business

Purveyor Analysis – Manager Kemmis provided the Board with a table defining current neighboring purveyor water use rates for comparison to the Association, based on volume of water used within the given billing period. Three Lakes Water Association remains at a competitive billing rate for members' water usage and sits below several other purveyor costs; however, it is not the least expensive. Discussion was initiated by Vice President

Eshleman involving ideas for future energy use tactics for system water distribution, long-term plan to tentatively alleviate some future pumping costs, as well as figuring creative ways to work with these needs.

COLA – Discussion for COLA and wage plan implementation is scheduled for the February Board Meeting; Vice President Eshleman requested an Executive Meeting to take place for this topic.

New Business

Certificate of Deposit – Manager Kemmis and Staff Henning worked to investigate a new account for investment opportunities based on the funds available within one of the current capital accounts through Mountain Pacific. See Treasurer's report regarding investments for Treasurer's input.

Motion for the Manager to establish a new ICS-fluid sweep bank account intertied to the existing Mountain Pacific Bank (1095) "171st Construction Savings Account" for DWSRF contract DWL28181 repayment responsibilities made by Trustee Kemmis, seconded by Vice President Eshleman. The motion passes with none opposed.

Motion for the Manager to establish a (26) week CDARS account from funds currently existing within the Mountain Pacific Bank (1095) "171st construction savings account" for DWSRF contract DWL28181 repayment responsibilities. At the expiration of term, all CD funds will to be automatically deposited into the new ICS fluid sweep bank account intertied with Mountain Pacific Bank (1095) "171st construction savings account" for DWSRF contract DWL28181 repayment responsibilities made by Trustee Kemmis, seconded by Vice President Eshleman. The motion passes with none opposed.

Natural Disaster Preparedness – In light of the recent fires effecting the Los Angeles area, Treasurer Lefebure requested future discussion regarding water use data in relation to effectively serving the community during a natural disaster event. Other conversation points included generalities of the system's resources, fire flow calculations and water storage capacity.

Treasurer Lefebure suggested that the Board participate in team building exercises. Secretary Nicolle concurred that it might be a good opportunity to explore at the following board meeting.

Call to Adjourn Meeting

Motion made by Vice President Tyler Eshleman to adjourn the meeting; motion seconded by Secretary Nicolle. The motion passes with none opposed. The meeting was adjourned at 8:12 pm.