

THREE LAKES WATER ASSOCIATION – BOARD MEETING MINUTES

November 12th, 2024

The Three Lakes Water Association Board of Trustees held their November 12th, 2024 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 wished 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 6:00 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. Trustee Tom Beisner was excused.

Members, Guests & Employees-

Engineer's Rodney Langer and Zack Worley of David Evans and Associates, Inc. (DEA), Assistant Manager Kaila Klicker, Staff Member's Seth Way and Brittany Henning, acting as recording secretary, were present. Members Susan Kemmis and Jay Klicker were also in attendance.

In person attendance: President Marek Jedrzejewicz, Vice President Tyler Eshleman, Trustee Donald Kemmis, Engineer Rodney Langer, Assistant Manager Kaila Klicker, Staff Member's Seth Way and Brittany Henning.

Virtual attendance: Secretary Terra Nicolle, Treasurer Steve Lefebure, Trustee Ray Cox, Trustee Heidi Mann, and Engineer Zack Worley.

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

Members who attended virtually: 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 November 8th, 2024. Highlights of the monthly report are summarized as follows:

Water System Plan Update- A response was submitted to DOH on November 7th addressing each of the requested points.

171st AC Water Main Replacement Project –

GIS and Asset Management – Additional updates were completed by DEA for staff overview.

Phase 1 – DEA is confirming all obligations are met for the release of the withheld retainage to the contractor. This is a typical procedure pertaining to prevailing wages, insurance premiums and sales tax to protect the Association.

Phase 2 – This phase of construction is complete, as the County has approved all completed road work. The final payment estimate is in process and the retainage amount of \$54,200.00 will be paid later, pending contractor's close-out obligations. Engineer Zack Worley will facilitate finalizing wage reports, pending contractor submission of the labor package. Construction notes and field changes are in process for record drawings.

Phase 3 – DEA submitted the 95% plans to Association staff for review related to the design and planning of this phase and feedback was provided back to DEA. A pre-design set has been submitted to the County for approval and to DOH for plan approval.

DWSRF Funding Summary – The maximum preconstruction loan amount available is \$364,999.86 at 0% interest. The current preconstruction loan draws to date are \$177,825.14, with 95% of DEA's preconstruction work completed. The construction loan includes 15,610 feet of main replacement and engineering services rendered during construction. The maximum construction loan amount available is \$3,577,000.00, at 2.25% interest. The current construction loan draws to date are \$2,262,556.00, amounting to 64% of available funds. This includes the completion of 78% of Phase 2 work.

Verizon Cell Lease Amendment- Verizon provided the signed the lease amendment on October 23rd and it is ready for the Association Board President's countersignature. Verizon is required to provide 30 days' notice prior to construction. Final plans are available to the Association.

Annual Water Rate Review- The membership's water use trends are currently being analyzed and the rate model updated.

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 November 8th, 2024.

The idle pump time, as of November 12th, was 4 hours and 25 minutes with an average 24-hour volume of 17,500 c.f. The calculated non-revenue water for the period ending in October was 12.99% compared to 12.25% in October of 2023.

A series of 22 communication failures took place from October 17th until October 21st. In addition to this consolidated event, several other telemetry interruptions were addressed by Manager Kemmis or Assistant Manager Kaila Klicker. These communication failures nearly subsided until November 6th at 11:30 pm when 12 call outs occurred over two hours.

Based on monitoring of the generator at booster pump station two, the unit will be in need of maintenance soon. Late on the evening of October 27th, a PUD emergency event along 62nd Street SE took place requiring the immediate response of Manager Kemmis. Manager Kemmis reached out to DOH to report his response procedure and DOH was pleased with the level of attention Manager Kemmis demonstrated as an operator to mitigate this event.

The final tie-in for Phase 2 construction was completed at Three Lakes Road on October 15th. All services were successfully transferred from the old AC main to the new DI main. Concrete pumping was conducted the next day to fill the decommissioned AC main line. On October 29th, overlay pavement work was performed, and labor interviews were also completed that day. D&G is working on remaining punch-list items for close-out. Manager Kemmis made a public announcement on Facebook and the website regarding the completion of the project and thanked the community for keeping both themselves and workers safe during this construction process. The completion of this 2.5-mile-long project along 171st Ave SE marks the largest project in Association history, Manager Kemmis expressed his appreciation to the membership for allowing his guidance and participation in managing the project's development for the last 12 years. The request for the 7th construction loan reimbursement was submitted to DOH October 15th, and payment was received and deposited on October 30th. The 5th engineering and design loan reimbursement request was submitted to DOH on October 25th, which was approved October 30th.

As the Association shifts from virtual to hybrid board meeting operations, staff worked to recreate the board room space, implementing required meeting parameters and modern technology to fulfill hybrid meeting needs, at the suggestion of President Marek Jedrzejewicz. Verizon's annual cell lease rent uplift of 3.5% has been initiated, according to the original lease agreement. The Association's insurance renewal was submitted prior to expiration on October 27th. This document was forwarded to Snohomish County on October 29th, as required, per the Association's franchise agreement. The purveyor rate analysis has been updated. The Association's 990 tax form was provided to staff from the

CPA on October 17th for review. A copy was provided to the Board on October 22nd and was signed by the President and submitted back to the CPA on October 22nd for filing.

October 25th, Treasurer Lefebure and Trustee Beisner made a visit to the office for an overview of office operations. Treasurer Lefebure contacted Manager Kemmis later that day, requesting additional documentation and reports including: profit and loss detail, monthly deposits, and monthly expenses dating from July 2022 through September 2024, as well as the Employee Handbook, which was provided October 28th. The Treasurer made an additional request to review the Policies and Procedures Manual and made another visit to the office on October 29th to do so.

As of October 11th, the Association's Lead Service Line Inventory documentation was posted to the Association's website, per DOH/EPA regulations. Due to these requirements, a letter was sent out to 267 members with unknown private service line material types on October 25th. Since then, many members have contacted the Association to report their private service line material information. Resources have been posted to our website linking ways for members to test their water for lead and sampling labs available in the area.

Roosevelt Water Association submitted a request to staff related to current employee wage data as they are in mid-discussion regarding employee compensation. Roosevelt will supply staff with their data as it becomes available. Staff will be attending training pertaining to new requirements for cyber security goals as a water purveyor and water system management. As of November 5th, all staff certifications have been renewed as required by DOH.

Autopay continues to receive increased member interest. Staff has been responding to inquiries and assisting members with enrollment. The WA Department of Commerce has announced that they will be continuing to offer their available security grant funding and the Association awaits a response on whether we have been approved. The banking signer card process is now complete. Staff continues to address vegetation and freeze control of facilities, as well as confirming hydrant operations and flushing. Lead and copper sampling results were received from the City of Everett, which included the Association's September's testing.

Approval of October 8th's Board Meeting Minutes

Motion made by Secretary Terra Nicolle to approve October's Board Meeting Minutes; motion seconded by Trustee Donald Kemmis. President Jedrzejewicz: yes, Vice President Eshleman: yes, Treasurer Lefebure: yes, Trustee Heidi Mann: yes, Trustee Ray Cox: yes. The motion passes.

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 November 12th, 2024. Total funds on hand are \$1,292,438.73. 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- \$ 264,289.92
Capital Funds- \$ 836,875.40
Reserve Funds- \$ 191,273.41
Total Expenses- \$ 128,756.95

Motion made by Vice President Tyler Eshleman to approve payment of the bills as presented, seconded by Trustee Donald Kemmis. President Jedrzejewicz: yes, Secretary Nicolle: yes, Treasurer Lefebure: yes, Trustee Mann: yes, Trustee Cox: yes. The motion passes.

President- Signed shares and checks, signed 990 form, met with Staff.

Vice President- Finished banking process, met with Staff.

Secretary- Signed shares and checks.

Treasurer- No report.

November's Treasurer's Report was amended as proposed at the December 10th, 2024 Board Meeting by Treasurer Lefebure as follows:

"Note that the meeting did not provide detailed process and procedures, financial controls and accountabilities, or cover most other trustee requested information from 10/25 due to time allotted. Those open requests include obtaining the spreadsheet behind the Rate Model, the GFC spreadsheet model, and documentation on core duties of treasurer and financial controls.

The overall status quo from process defined prior to 10/1 still operates as is. So at this time the treasurer is not able to add anything other than to say that the reporting herein is consistent with the reporting in previous periods and we should proceed with basic processes dependent upon them."

Motion to amend November's Board Meeting Minutes as written by Treasurer Lefebure made by Trustee Mann, seconded by Vice President Eshleman at the December 2024 Board Meeting. The motion passes with none opposed.

Old Business

Amended Verizon Cell Lease Authorization-

Motion to approve authorization for the President to sign the First Amendment to the Verizon Lease made by Vice President Tyler Eshleman, seconded by Treasurer Steve Lefebure. President Jedrzejewicz: yes, Secretary Nicolle: yes, Trustee Cox: yes, Trustee Kemmis: yes, Trustee Mann: yes. The motion passes.

Staff CCS Certification-

A discussion was held related to a 5% wage increase for Staff Henning based on obtaining an applicable DOH CCS certification. It was requested by Vice President Tyler Eshleman to table the conversation until executive session.

New Business

FY 2024/2025 Budget Adoption-

This fiscal year's approved draft budget was presented to the Board for final adoption, according to the Association By-laws.

Treasurer Lefebure shared his questions with the Board pertaining to the budget process and its supporting data. Questions were fielded by board members, DEA and staff with a plan for further discussion at a future board meeting.

Motion to adopt the FY 2024/2025 Draft Budget as the Final Budget made by Secretary Terra Nicolle, seconded by Trustee Ray Cox. President Jedrzejewicz: yes, Vice President Eshleman: yes, Treasurer Lefebure: no, Trustee Kemmis: yes, Trustee Mann: no. The motion passes.

FY 2024/2025 Budget Adoption amended by Treasurer Lefebure at the December 10th, 2024 Board Meeting as follows:

“New Business – FY 2024/2025 Budget Adoption, Paragraph 2 – Add to end of paragraph

Trustee Lefebure asked for the details behind the presented budget such as assumptions, drivers of the changes to the budget from previous year, and other details. Trustee Lefebure had reached out to the President Jadrejewicz in weeks leading up to this meeting and at that time the President did not know the status. In the discussion it was revealed that the purpose of not approving the budget until December was to allow the newly elected trustees to have input as they would be accountable for it, however, the existing trustees also stated that this was old business and behind us so there would be no further discussion on its merits, that the details were covered previously, and the board would proceed with the budget as is.”

Motion to amend November’s board meeting minutes as written by Treasurer Lefebure made by Trustee Mann, seconded by Vice President Eshleman at the December 2024 Board Meeting. The motion passes with none opposed.

171st Phase 2 Change Order No. 1-

Engineer Rodney Langer presented the subject change order to close out the 171st phase 2 contract. Treasurer Steve Lefebure asked questions related to project bidding procedure and contractor awarding criteria. Answers were provided by Engineer Langer and Manager Kemmis.

Motion for Board approval and authorization for the Manager to sign Change Order No. 1 for the 171st Phase 2 Construction Contract made by Vice President Tyler Eshleman, seconded by Treasurer Steve Lefebure. President Jedrzejewicz: yes, Secretary Nicolle: yes, Trustee Kemmis: yes, Trustee Mann: yes, Trustee Cox: yes. The motion passes

Executive Session

Vice President Tyler Eshleman motioned to enter an executive session to discuss the potential increase of Staff Henning’s wages, as well as overall Board conduct and expectations, seconded by President Marek Jedrzejewicz.

The executive session began at 7:38 pm with all attendees present except for: Assistant Manager Klicker, Staff Way, Staff Henning, DEA Zack Worley and virtual Association member guests. The executive session adjourned at 8:30 pm.

The regular session reconvenes at 8:30 pm with all meeting participants present except for Trustee Ray Cox and virtual Association member guests.

Motion to uplift Staff Henning's wages by 5% due to obtaining CCS certification, as of this next pay period made by Trustee Donald Kemmis, motion seconded by Secretary Terra Nicolle. President Jedrzejewicz: yes, Vice President Eshleman: yes, Treasurer Lefebure: yes, Trustee Mann: yes. The motion passes.

Motion for Manager Donald Kemmis and Engineer Rodney Langer to meet with Treasurer Steve Lefebure, at the discretion of time, to review board process, procedure and history of Treasurer duties.

Motion for staff to provide current employee job descriptions to the Board by the December board Meeting.

Motion for staff to provide monthly board meeting reminders to Board Trustees on the day of the Board meeting.

All three above motions made by Vice President Tyler Eshleman, seconded by President Marek Jedrzejewicz. Secretary Nicolle: yes, Treasurer Lefebure: yes, Trustee Kemmis: yes, Trustee Mann: yes. The motion passes.

Committees-

Treasurer Steve Lefebure introduced the idea of forming multiple standing committees to address different sectors of the Association. The Board decided to discuss this topic at a future board meeting.

Call to Adjourn Meeting

Motion made by Vice President Tyler Eshleman to adjourn the meeting; motion seconded by Secretary Terra Nicolle. President Jedrzejewicz: yes, Treasurer Lefebure: yes, Trustee Kemmis: yes, Trustee Mann: yes. The motion passes. The meeting was adjourned at 8:49 pm.