

THREE LAKES WATER ASSOCIATION – BOARD MEETING MINUTES

February 11th, 2025

The Three Lakes Water Association Board of Trustees held their February 11th, 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 6:02 p.m. by President Marek Jedrzejewicz. A quorum was satisfied by other Board Trustees in attendance: Secretary Terra Nicolle, Treasurer Steve Lefebure, Trustee Donald Kemmis, Trustee Ray Cox, and Trustee Heidi Mann who logged off at 6:52 pm and back in at 8:05 pm. Vice President Tyler Eshleman was excused.

Members, Guests & Employees –

Engineer's Rodney Langer and Zack Worley of David Evans and Associates, Inc. (DEA). Engineers Langer and Worley exited the meeting at 8:05 pm.

Staff Member's Kaila Klicker, Seth Way, and Brittany Henning, who was the recording secretary for this meeting, were present and exited the meeting at 8:05 pm.

Member requests for the meeting link: Susan Kemmis and Jay Klicker who both logged out of the zoom meeting at 8:05 pm.

In person attendance: President Marek Jedrzejewicz, Treasurer Steve Lefebure, Trustee Donald Kemmis, Engineer Rodney Langer, and Staff: Assistant Manager Kaila Klicker, Field Technician Seth Way, and Administrator Brittany Henning

Virtual attendance: Secretary Terra Nicolle, Trustee Ray Cox, Trustee Heidi Mann who logged out of the meeting at 6:53 pm and back in at 8:02 pm, Engineer Zack Worley, and Association 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 February 7th, 2025. Highlights of the monthly report are summarized as follows:

171st AC Water Main Replacement Project –

Phase 2 – The retainage check will be dispersed. It is delayed due to pending fulfillment of required documentation from the contractor.

Phase 3 – Right of Way Permit has been approved by Snohomish County and plan review is in process with DOH. On January 29th, 8 project contractor bids were received. On January 31st, a Recommendation of Award memo was drafted by DEA. See New Business.

Annual Water Rate Review – See Old Business

Verizon Lease Support – FAA filing has been submitted for the antennae and reservoir.

Everett Water Supply Agreement – DEA has been providing on-going support for this project; outlining details of consideration to implement within this prospective long-term agreement with the City of Everett and its water supply.

Water Use Efficiency – The annual water use efficiency report and data has been reviewed by DEA, who curated a template to measure and track the progress toward WUE goals – which were established in the recently updated WSP.

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 February 7th, 2025.

The idle pump time, as of February 3rd was 3 hours and 50 minutes with an average 24-hour volume of 18,836 c.f. An interim meter read was performed to determine the current state of the system. The calculated non-revenue water was calculated at a 16.95% for this interim read. Batteries in several meters were found to have failed and were replaced, as well as on-going confirmation of register accuracy for high and low reading meters. There were multiple telemetry interruptions and failures that required manager response throughout the month.

The Association's standpipe was intended to be cleaned and inspected in May of this year, on a 7-year recurring schedule. The Manager elected to complete this task early to address a priority repair to the tank's mechanical water level gauge. This work was successfully completed by LiquiVision on January 25th. Staff were able to assist with, and witness, the diver's repair, inspection, and cleaning activity. After 14 years of serving the community, the Association's standpipe remains in great condition.

The fencing restoration work at the office is on-going with work being performed by a contracting crew and support from Staff Way. On February 4th, the City of Everett requested site access to Booster Pump Station #2 to work on their equipment; Staff were present for, and facilitated, this work. A new service installation payment was received on January 31st. Tripped Electric is tending to the abnormality regarding the generator at Booster Pump Station #2. A second soft-starter was purchased for booster pump three, identical to the first, as intermittent failure of the original unit has been observed and replacement is being considered. DEA and Manager Kemmis curated a Fire Suppression Overview, per the Treasurer's request, for discussion with the Board.

Reimbursement request #6 for the Design and Engineering Loan Reimbursement was made on January 21st. Questions to DOH representatives have been posed in response to our outstanding reimbursement request, contract close-out, and details on the federal funding freeze. An annual analysis of members' meter consumption as well as accounts receivable has been performed by staff to continue to understand patterns and anomalies. Autopay is receiving additional enrollments, with 24% of Association members signing up for this service. Staff Henning renewed the Certificate of Deposit account at Pacific Crest with a 12-month term at 4.3% APY. A check was requested from the bank to pay out the interest amount of \$16,774.27, to the Association, and was received and deposited on January 31st. The Annual Newsletter is underway with staff delegation per Vice President Eshleman of the Communications Committee to meet our deadline for distribution to members. The annual Consumer Confidence Report is also being prepared by staff for distribution to members, as required by DOH. Water Use Efficiency data is awaiting DEA calculations before submitting to the Department of Health. Manuals and Association programs have been updated, as per yearly process. On January 13th, the Association's annual Water System Report was submitted to the City of Everett. Property Tax exemptions were submitted January 27th. Staff Henning observed oddities while completing a bank account reconciliation review and performed appropriate action. All employees w2's were distributed on January 26th. The training scheduled for Operator Certification CEU's was canceled, pending the on-going uncertainty of Federal Funding.

Manager Kemmis has completed his 18th year with Three Lakes Water Association and has initiated his transition to utilize Medicare benefits. This changeover will reduce the overall Association expenditure on employee insurance coverage by 9.5%, based on a 38% total reduction to the individual's premium.

Trustee Mann made a verbal request during the meeting to obtain "wage data that was shared with the President and Vice President, with purveyor comparison" as well as inquired as to why this dataset was not sent out to all Trustees. It was clarified that the

President and Vice President received copies of the previously shared draft COLA policy, which was established in the January 2024 Board Meeting. Area purveyor advertisements are regularly collected into a binder located at the office; all Trustees are welcome to schedule a visit to the office for an overview of this on-going process. The President and Vice President have reviewed this binder, in person, at the office. This wage data binder, with relevant policy items and job descriptions, was made available to all attendees in the room for review during February's Board Meeting. The President will reshare the draft policy with Trustee Mann after the meeting.

Approval of January 14th's Board Meeting Minutes

Discussion was held by all Trustees related to implementing amendments to the monthly Board Meeting Minutes. The Treasurer voiced concerns regarding what his written report contains and what is reflected from that into the Minutes. It was clarified that Association business, discussion, and details are summarized and reviewed for Board approval. Amendments should be made clear, addressing factual data for approval and inclusion.

Decision to table the January 2025 Minutes until the March Board Meeting. Trustees with any adjustments to the Minutes to be held over email and shared at the next meeting for approval and inclusion.

Approve and Pay Bills

Staff Henning presented a summary of the Association's Financial Report. The financial report was prepared and distributed to the Board summarizing the financial position through February 11th, 2025. Total funds on hand are \$1,337,559.66. A transfer in the amount of \$110,000.00 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- \$ 303,826.43
Capital Funds- \$ 771,615.24
Reserve Funds- \$ 162,117.99
Total Expenses- \$ 102,335.99

Motion made by Treasurer Lefebure to approve payment of the bills as presented, motion seconded by Secretary Nicolle. The motion passes.

Officer's Reports

President – Signed checks for accounts payable and shares.

Vice President – Absent, no report.

Secretary – Signed shares and checks for accounts payable.

Treasurer – The Treasurer passed out a sheet report to those attending the meeting in person, those attending virtually did not receive a copy of the Treasurer's write-up. It was established that the Treasurer's document, as presented, was unrelated to an Executive Officer's Report. The Board reiterated the Treasurer's Report guidelines to reinstate going forward. There were no Treasurer specific activities reported for this period.

Old Business

COLA/Wage Plan – COLA Policy and Wage discussion was tabled until the March Board Meeting based on the Vice President's absence

Treasurer's Datasheet Inquiry – The Treasurer's on-going, open request for additional information has been addressed on multiple occasions since October 2024. It was reestablished in the October 2024 Board Meeting that no editable documents are to be shared regarding the finances, as well as any "DEA spreadsheets" used as a tool for curating professional recommendations. Various reports have been provided to the Treasurer including, but not limited to: monthly financial data reports, revenue flows, active project details, Association policies, employee wages and job descriptions; all dating back to Fiscal Year 2022.

New Business

Phase 3 Bid Results – Engineer Worley presented the 171st Phase Three project bid results to the Board as follows per his memo dated January 31st and provided to all Trustees: On January 29th, the Association shop was open to contract bidders for the bid announcement at 11:00 am, all bids were received on time. The three apparent lowest bidders were: D&G Backhoe, Trico Company, and B&L Utilities. D&G Backhoe supplied the necessary documentation within 48 hours of the bid opening to fulfill their role as a responsible bidder.

The Secretary inquired about the process of selecting the appropriate project contractor, and how these requirements are met. Engineer Langer responded, stating that standards and regulations are outlined for State or Federally Funded projects and went over details for verifying the responsibility of each low bidding entity.

With the currently ambiguous status of Federal Funding, it was recommended that no action be taken regarding award during this time. Bids are valid 60 days from bid opening. The Treasurer asked about the Association's working relationship with the lowest bidder, and how that may be affected by available funding. It was reported that the Association has enough funds on hand to pay out the contractor if put into a Federal Funds disbursement freeze.

Decision to table the award of the 171st Ave SE Phase 3 project contract until next month based on the recommendation by DEA and the Manager, based on Federal Funding uncertainty.

Big Deer West Developer Extension Phase 2 – A memo was provided to the Board by Engineer Langer on February 9th, regarding his review of the Big Deer West DE Phase 2 application. Discussion was held pertaining to easement conditions and fire hydrant location conditions, in relation to the location of the 2 proposed lots. A letter from the Fire Marshall is required to be submitted to the Association, defining fire flow requirements for this phase of development. As is typical for all Developer Extensions, all costs related to this application are paid for by the developing entity.

Motion for Board approval of the conditions for the Developer Extension Agreement as per DEA memo dated February 9th, 2025 and approval for the President to sign a DE Agreement once ready for execution made by Treasurer Lefebure, seconded by President Jedrzejewicz. The motion passes.

Rate Review – Engineer Langer emailed a memo and supporting documentation to the Board regarding the Rate Review Study on February 9th, outlining the proposed GFC rate increase, adjusted tier usage rate charges, as well as an increase to the base rate and non-user charges for potential implementation on July 1st, 2025. This study included the consideration of the City of Everett's water rate increase, forecasted capital improvement projects, and aging infrastructure contributing to overall system water loss.

The Secretary requested clarification on water usage tiers and the fixed base rate, comparing the Association's member charges to area purveyors. The Secretary reiterated that rates did not increase during the time of the pandemic. Engineer Langer and Manager Kemmis explained the rate system and how those are implemented with member's water usage after exceeding the allotted base rate usage. Area purveyor rates were presented by Assistant Manager Klicker, who curated and displayed to the Board the comparison of actual rates of various water purveyors around the region. The Manager reminded the Board that the AC main does not have much life remaining and will contribute to future maintenance and repair costs; the Board may have to determine how to handle the cost of repairs verses system maintenance, replacement and upkeep projects.

At the request of the Treasurer, it was decided to table the Rate Review discussion to allow Trustees additional time to submit considerations and additional questions to be

better prepared for action at the March Board Meeting. The Treasurer will email the Board and Engineer Langer with his questions for further discussion.

Fire Suppression Overview – Engineer Langer emailed the Board his overview document on January 29th as requested by the Treasurer in the January board meeting. He presented his overview in detail, describing the fire flow requirements as established by the County and how the Association implements fire hydrants into the system. The Manager elaborated on ways the fire crew would manage a catastrophic fire event and what is under the Association's control and what is not inherently delegated to the fire crew. This report will go on file for future reference.

The Manager reported a lost training opportunity for Staff due to the federal funding freeze; additional training courses are being investigated, possibly at cost. The Manager received an odd question at the grocery store over the weekend and reminded the Board that all private information pertaining to the Association remains private. The 2013 Ford F150 will require new brakes and has a crack in the windshield.

At the request of the President, the President agreed to convene an Executive Session to address the process of creating the Board Meeting Minutes for approval and access to information by Board Members. Motion made by Trustee Kemmis, seconded by President Jedrzejewicz. The motion passes. The executive session begins at 8:06 pm with President Jedrzejewicz, Secretary Nicolle, Treasurer Lefebure, Trustee Kemmis, Trustee Cox and Trustee Mann present. Trustee Mann exited the Executive Session before the session was adjourned. The executive session adjourned at 9:02 pm.

Call to Adjourn Meeting

Motion made by Trustee Kemmis to adjourn the meeting; motion was not seconded. The meeting was adjourned at 9:02 pm.

- Secretary's Audit of the Minutes