

THREE LAKES WATER ASSOCIATION – BOARD MEETING MINUTES

November 13th, 2018

The Three Lakes Water Association Board of Trustees held their November 13th, 2018 Board Meeting at 7:00 p.m. at the Association office located at 17503 58th St SE, Snohomish, Washington, 98290.

Call to Order

The meeting was called to order at 7:00 p.m. by President Bob Bartell. A quorum was satisfied by other Board members in attendance: Trustee Matt Mead, Trustee Don Kemmis, and Trustee Jay Klicker. Vice President Chad Davis and Treasurer Tyler Eshleman were excused. Secretary Ray Cox and Trustee Jack Huffman were unexcused.

Members, Guests & Employees- Staff member Kaila Kemmis was present. Renee McCann, acting as recording secretary, was present. The following members were also present: Susan Kemmis and Mary Schroeder.

CHS Engineers' Report- Engineer Rodney Langer was absent from the meeting so Manager Kemmis presented the CHS Report, which was e-mailed by Rodney and provided to the Board on November 6th, 2018. Highlights of the monthly CHS report are summarized as follows:

176th Capital Improvement Project- See Old Business.

Water System Plan- CHS reviewed financial forecast information to help the update of the existing WSP.

Rivertown Homes II DE- The construction work on private property for this project is almost complete. The Right of Way permit has been issued to the developer and contractor. The contractor has satisfied additional insurance requirements. Work in the public right of way can begin once contractor secures a traffic control permit and meets with staff and a county representative for a preconstruction meeting. A preconstruction meeting is scheduled at 10:30 a.m. on November 14th, 2018.

Operation & Management Manual- See New Business.

Telemetry Upgrade- A meeting has been scheduled with CHS and Systems Interface on November 20th, 2018 to discuss the concept plan.

169th Ave SE Water Main Replacement Project- See New Business.

2018 Rate Review- CHS has begun to analyze water use data to perform their yearly financial forecast update as directed by the board. This update will allow the Association to consider recommendations to existing rates. The work CHS is doing will quantify whether the Association at its current rate structure has enough funds to execute upon the anticipated capital improvement projects and maintain other normal processes and expenses.

Manager & Cross Connection Report

Staff member Kaila Kemmis presented a summary of the manager report, which was e-mailed and provided to the Board on November 6th, 2018. Highlights of the monthly manager report are summarized as follows: One telemetry failure occurred on November 2nd, 2018 due to a power outage at pump station one. The Association has received a developer extension application and payment for it from the developer wishing to extend main along 153rd Ave SE. The Association has achieved Department of Health and Environmental Protection Agency compliance for lead and copper by participating in the City of Everett's program. Results from sampling are satisfactory. A letter was mailed to the member where the lead and copper sampling took place. On October 24th, 2018 staff noticed an odd sound coming from pump one. Staff scheduled Grundfos to come on November 2nd, 2018 to perform an analysis on each pump. The results from the analysis are as follows: pump one's bearing has failed, pump two was out of alignment and there is a noise coming from it that indicates the motor may have winding or other internal issues developing, and pump three was out of alignment and needs a new coupling. Grundfos will return on November 19th, 2018 to address the issues at pump one. Staff attended an EWUC meeting where the topic of pressure regulation was discussed. The City of Everett asked participants if they had noticed consistency in pressures if their systems are located on the upstream side of their new pressure regulating equipment. Staff informed the city that they are noticing more consistency in pressure. The City of Everett informed participants at the EWUC meeting that they have planned several shut downs on their Transmission Line #5 in order to replace valves at the filter plant. The Association will switch their feed to City of Everett's Transmission Line #3 during the shut downs. Staff has still not received the invoices for the annual repayment of three DWSRF loans. The DOH has informed staff that the due date for annual repayment is November 30th, 2018. Staff enhanced the online bill payment system and the most recent billed amount is now displayed on the online payment page. Staff processed the renewals for each staff member's current waterworks certifications and the certifications will now be current through December 2019. The furnace located in the shop at the Association office is currently non-functional. The board verbally agreed that staff should ask Ray Cox to help diagnose the issue inside the furnace. Staff responded to the Snohomish County Hazard Mitigation Plan Update by sending an application letter to the county.

Addendum to Manager & Cross Connection Report

The Association has received several complaints about the rate increase. One hand written complaint questioned why there is no senior discount available. On November 7th, 2018 a member called the Association to ask why a late fee was applied to their account. The staff reiterated that according to the rate policy a payment must be physically received by staff before or on the bill due date to avoid a late fee. The member expressed dissatisfaction with the fact that the Association does not consider payments as being received based on the postmark date. The member stated that he would address the board about the issue at the following board meeting. The member did not attend the November meeting. On November 7th, 2018 the Association received a request from Snohomish County Planning and Development services to review the Flowing Lake Park Entrance Revision, a Snohomish County project that is expected to be implemented in 2019. Staff responded by mailing a letter that included a request to become a party of record and reminded the county that a developer extension application is necessary to proceed forward. Staff performed annual maintenance on the generator at pumphouse two. Treasurer Eshleman is attempting to negotiate between the Association and City of Lake Stevens to discuss the potential purchase of a slightly used aquatic boom. Staff informed the board that the monthly payments for the Verizon Cell Antennas have increased as part of a yearly percentage increase that was agreed upon when the antennas were installed on the Association's standpipe.

Approval of October 9th Board Meeting Minutes

Motion made by Trustee Don Kemmis to approve October's minutes, seconded by Trustee Jay Klicker. The motion passes.

Officers Reports

Treasurer Report and Pay Bills- The financial report was prepared and distributed to the Board summarizing the financial position through November 13th, 2018 (attached). Total funds on hand are \$1,463,089.36. One transfer was made for \$80,000.00 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- \$262,509.82
Capital- \$1,053,187.77
Reserve- \$147,391.77
Total Expenses-\$75,977.35

Monies were transferred to both Standpipe, Pump House and Mero restricted accounts.

Motion made by Trustee Matt Mead to approve payment of the bills as presented, seconded by Trustee Jay Klicker. The motion passes.

President- Bob signed share certificates and checks for bills due before the November meeting. He also reviewed a letter that was mailed to a member.

Vice President- Not present.

Secretary- Not present.

Old Business

176th Capital Improvement Project- CHS completed construction staking to identify pipe alignment and easement limits. A pre-bid meeting was held on October 18th, 2018 with staff, Rodney, and contractors. Two addendums were issued by CHS to clarify information and address one additional tree removal identified during staking work. Three bids from contractors were received on October 25th, 2018 and were immediately tabulated by staff and later reviewed by CHS. Staff provided Recommendation for Award letters to the board from CHS dated November 6th, 2018 which outlines recommended actions to move the project forward. The Association has not received an easement from the Everroads and that documentation will need to be received and reviewed prior to any other action.

Motion made by Trustee Don Kemmis to authorize the recommended actions outlined in the CHS document dated November 6th, 2018, seconded by Trustee Jay Klicker. The motion passes.

Fiscal Year 2017/2018 Final Budget Approval – Staff reminded the board that the current fiscal year budget must be approved as a final document by the December board meeting. The current budget was provided to the board for review. No adjustments were made.

Motion made by Trustee Don Kemmis to approve the Fiscal Year 2018/2019 Budget as final, seconded by Trustee Jay Klicker. The motion passes.

Member Situation- Staff provided two invoice documents mailed by member Keith Kosche to the board for review. Staff also provided a letter signed by the president that was mailed to Kosche after the first invoice document was received. The board agreed that an executive session was necessary to continue discussion about the situation.

Doug Knorr- On October 30th, 2018 staff met with member Doug Knorr to discuss the potential relocation of his meter. The member now wishes to relocate his existing meter instead of purchasing a secondary meter to serve his parcel. The member requests board approval to relocate his meter. Manager Kemmis suggested that the Association allow the member to relocate his meter, accept an initial deposit of \$5,000.00 to \$6,000.00 to pay for the contracted work to relocate the meter. After the work is completed if there is an additional payment or refund due then staff will perform the necessary work to collect or provide

funds to the member. The board verbally agreed that Don's suggestion is the best path forward. Don informed the board that he would talk to the member to let him know that the board is okay with the relocation of his meter.

New Business

Policies and Procedures Review and Approval- The Policies and Procedures manual was provided to Trustee Klicker upon request, so he could review the documentation in the manual. Trustee Eshlemen intends to also review the documentation. The board decided to table action to approve the manual until the December board meeting.

Operation and Management Manual Review and Approval- Staff received the manual back from CHS and needs to review proposed changes by Rodney. The board decided to table action to approve the manual until the December board meeting.

Cross Connection Control Program Review and Approval- Staff performed an update to the Association's Cross Connection Control Program. Staff suggested that the president review the program since he will be required to sign the documentation to approve it. Bob agreed to review the program with staff.

Insurance Renewal- Staff informed the board that the yearly insurance renewal was completed and there was an overall increase in the annual premium.

169th Ave SE Water Main Replacement Project- CHS worked with staff to perform a survey in the proposed project area and provide general support related to the feasibility of the project. Staff created a potential project map and presented it to the board. After CHS's survey work staff discovered that there was a meter located outside of the public right of way. The meter was relocated to the public right of way on October 17th, 2018. Staff informed the board that the best path forward so the board can consider the project is to do some potholing work to locate existing facilities. The board verbally agreed that this is the best path forward.

Members Susan Kemmis and Mary Schroeder exit the meeting at 7:59 p.m.

At the request of Trustee Don Kemmis, President Bartell agreed to convene an executive session to discuss an ongoing member situation, seconded by Trustee Matt Mead. Staff member Kaila Kemmis and recording secretary Renee McCann were invited by the board to attend the executive session. The executive session began at 7:59 p.m. The executive session adjourned at 8:45 p.m.

The regular session reconvenes at 8:45 p.m. with all initial trustees and employees present.

Call to Adjourn Meeting

Motion made by Trustee Matt Mead seconded by Trustee Jay Klicker. The motion passes. The meeting was adjourned at 8:46 p.m.