

Orcas Highlands Association

June 9, 2014

Roll call: Ron Claybourn, David Turnoy, Lee Goodwin, Dennie Carter, and Duffy King

Ron called the meeting to order at 7:12

A motion to approve the minutes from the 3/27/2014 meeting was made by David, seconded by Lee and then unanimously approved.

PRESIDENT'S REPORT:

1. Ron said that he has asked for a report from San Juan County Works "road study" so that he'll have it for the general meeting. He said that they also have used sign posts and signs that we can purchase. He said that the county will also be posting a sign at the end of the county road on Lindsay Way.
2. Ron also met with Gail Palmer at Key Bank to ask about any services that they have so that members can have automatic payments from their accounts. He was hoping that with a routing and check number that Key Bank could set up an automatic payment system for our members, but found out that we would need a business association number in order to set this up. Lee suggested that we ask members at the general meeting who would be interested in an auto-pay system.
3. Ron checked on the State Revolving Fund that Carl Capdeville mentioned at our last Water Board Meeting. Loans are available at 1.5% interest on a 20 year amortization schedule, and that money is available. Lee said that we may not need to redo our entire water system and Ron said that companies can be hired to evaluate our water system. Ron said that he guesses that we have a couple of miles of water main infrastructure, and to figure that the replacement is \$20.00 a foot. Ron said that we could hire a company to evaluate our entire water system.
4. Regarding the Eastsound Water Commissioners response to Washington Water S C agreement of 6/10/2014. Ron said that the Highlands is still in the district and that we will have them approve if we enter into an agreement with Washington Water to service our water system. Lee gave a brief account of how the Highlands voted to join Eastsound Water District and pointed out that we are still "annexed" to them. Ron said that he requested that they consider disassociating with us as they can't provide us with any services. Ron expects that Susan Kimple of ESWD will report to us when they will make a decision if none is reached at that meeting. Ron also said that there is a possibility that ESWD may suggest that they manage our water system for us.
5. Judy Cook sent an email to the board saying that she would like to present an award at the annual meeting for our 10 year Fire Management. Ron said he met with Bob Berdan about widening the fire-brake behind Tall Trees. Bob Berdan recommended that we extend the fire-brake to the end of Tall Trees. When this work is done there will be wood chips available, and also that there will be dry wood available to members. We haven't received an invoice from him for the work but that it should be within the budgeted amount of \$3,000.

TREASURER'S REPORT:

Item #B1. Budget. Dennie passed out a budget dated 6/8/2014 for the period ending in May. He said that column #2 are the "actuals" for May, and that Water in line 46 shows that we should be ahead for the fiscal year. Ron said that with the cost for Earthworks on Highlands and the valve that Ron bought this would put us over the budgeted amount. He said that if we make a big repair that the cost should come out of the Capital Fund. David said that maybe we should make a decision that after a specific price point that the money should come out of the Capital Fund rather than Operations. Dennie said that Maintenance Improvements and Supplies in line #36 are Carl Capdeville's activities. He mentioned that Carl's retainer is \$450 per month. He also mentioned that in Oct. of last year Orcas Construction did \$1,865 work for us, and that when his is finished with the present work on Highland's the bill will be close to \$8,000. Ron said that the Operator Certification Fee may have been paid by Carl in the past. Ron will check with Carl to see who paid for this in the past, and that we have until the end of June to pay this. Dennie said that line #30 represents the \$17 per month for Ready to Use Lots. Ron said that we charge \$51 per quarter as a base rate, and that we have 131 people paying that rate. Dennie mentioned that lines #28, 29, & 30 add up to the amount on line #31. Ron noted that our Capital Fund is growing. He also said that our Operations could be a red flag since we have over \$46,500 in the fund, and that we could possibly take \$30,000 and put that in the Water Fund. Lee said that we are in a better cash situation than we have ever been. Dennie said that we could consider reducing the fees. Dennie said that he has done some research on Certificates of Deposit and that Washington Federal pays 1.5% for 5 years. Dennie said he doesn't know what the penalty is for early withdrawal but that he was told that it was minimal, around \$7. He said that we could also consider an annuity. At present we have about \$16,000 in our Smith Barney account.

Item #B2. Accounts in Arrears. Ron said that he has talked with Kobayashi and she agrees to pay \$500 each month until her account is current. He also talked with Karen Ferguson and she said that she doesn't live in the house and hasn't for 3 years. Karen's husband, Trin, called Ron 3 days later and said that he's fallen on hard times. Last Friday Ron saw something in the Ferguson's driveway and it turned out to be Trin. He said that he is looking for work but has no prospects. Ron said that he wants to give him the full 30 days before turning off his water as he owes about \$1,100.

Item #B3. Insurance renewal. Ron said that our only asset is the water tanks, pumps, and pipes. He said that he feels that we should increase our liability to cover replacement of the system. He mentioned that replacement of the large tank is about \$115,000, the Marada tank is about \$40,000 as is the smaller tank. The policy is about \$2,400 per year and also covers liability. If the tanks are damaged there is a 28 day for curing the replacement tank. Lee asked if there is a deductible for earthquake damage as that is the most likely. Lee suggested that we increase our liability coverage to 2 million dollars.

Item #C1 & 2. Water System. Lee said that the meter readings were the same for this month as the prior month. He mentioned that we are still leaking water and that hopefully the repair that we are having done on Highlands will help. He also noted that it takes time to identify where leaks are and that it is a very slow process. The Highlands work will start soon and that repair will help. It accounts for about 1/3 of what we are losing. Lee suggests that Carl be more aggressive with finding leaks.

Item #C3. New Meter. Ron mentioned that a new meter will be installed for Andrea Miller who lives on Tomihi.

Ron said that he'll contact Bob Burke about getting on the board as he is a civil engineer and would be a good asset. Dennie said that Nate Arrens, who lives in the old Inch house, would be a good member and that he'll ask him if he's interested.

UNFINISHED BUSINESS:

It was mentioned that Minerich may no longer be an owner of the house and the sole owner may now be his brother-in-law, Bobink.

NEW BUSINESS:

Ron passed out research he did regarding comparing rates if the water system was managed by Washington Water compared to what they are now. He said that the rate is about the same, but with Washington Water the bill will be monthly rather than quarterly. Lee said that Washington Water will need to study the water system much like Carl does now. Ron said that he asked Washington Water about this and Ireland said that a "System Evaluation" could be informal and between Roy Stanton and Carl going over the system and making an assessment. Lee said that we should ask them to study the system to know what we are in for in the future. Ron said that they would charge us to do a study like that and that there could be other entities to provide that evaluation service. Ron said that if we continue to self-manage the water system we should install an automatic meter reading system and hire someone full time.

Regarding our contacting other private water system owners who are managed by Washington Water, neither Ron nor Lee had a response, but David said that his response was very good from those he contacted. Lee noted that Ireland lives in that area that David contacted.

David said that he will find out about another Fire Exit for evacuation, possibly through Youngren's property. He said that he'll talk with Ehrmantrout about this as well. Ron said that an evacuation plan would be very beneficial. Ron will also check with Judy. Lee said that there Firewise Report from 11 years ago was available and he'd send it out to the board.

Ron adjourned the meeting at 9:53

Submitted by Duffy King, secretary