

**Sun Vista/Sunlight Beach
Home Owners Association
Board of Directors Meeting
February 9, 2013**

Board Members Present: Bob Brown, Bob Winquist, Tom Kraft, Bill Countner, Boyd Benson, Sharon Vanderslice, John Lovie

Secretary's Report: The October 12, 2012 minutes were approved as corrected by email and the resolutions for that meeting have been signed.

Treasurer's Report: There is \$10,330 in the operating fund and \$44,805 in the capital reserve account for a total of \$55,136. This is less than budgeted due to capital expenditures, some of which occurred in 2011, but weren't paid until 2012 and some unexpected items. However, total liabilities are about \$20,000 less this year so the system continues to operate at break even point. Current assets are \$61,710. There were \$15,901 in capital improvements in 2012 consisting of landscaping, fencing, cleaning reservoir #2, water level monitoring equipment inside well # 1 and reroofing the well house. Total fixed assets are \$505,481 for an asset total of \$567,192.

Accounts receivable have been well managed. The year-end balance of \$6,081 is an improvement over last year. There is one payable account of \$1,256 which is not considered at risk. Revenue for 2012 was 13.3% greater than 2011, which helped resolve deferred maintenance issues on a priority basis. On a cash basis the system is operating with a positive cash flow, however, depreciation and amortization combine to show a net accrual loss of \$8,014. This is an improvement over the prior year.

With the implementation of the new rate structure, accounting may become more complex as more accounts will have water use overage charges. In order to automate, a tool called QODBC, which connects to Quik Books online, allows for the transfer of data from an excel spreadsheet to the billing system, is available. The cost of the software is \$299. A letter was sent out with the last billing to remind homeowners that the new rates are being implemented in the next quarterly billing.

Finance Committee: The tax report is due March 15 and will be ready on time. Several people volunteered at the annual meeting to do the audit. The physical invoices need to be obtained from the treasurer to accomplish this.

The initial Six-Year Budget was reviewed and several minor changes were suggested. More input is required to accurately reflect capital improvements for the upcoming year. A review of comparative water operating expenses for the past 10 years indicates that the board has kept costs contained.

Operations Committee: The pump on well #1 was cleaned and the water level monitoring equipment was installed at the same time. There is an ongoing problem with the servicing of the generator due to lack of response from the individual whose bid for the job was accepted.

The line on Dassel street, which ruptured, had been repaired several times by our former water system manager. When our current water system manager repaired the current break, the old rupture sites were also repaired, so there is a cleaner line to the two houses served. The remaining divots in the road appear to be a county problem as Dassel is a county road. The shut off valve on our side of the meter at a residence on Lincoln is non-functional and needs to be repaired. The water system manager will be requested to do so.

The standard plastic meter box on the one of the properties was broken due to cars driving over it and was replaced with a high traffic plastic box with a steel lid to protect our meter as per the recommendation of our system manager. Property owner will be billed for the cost.

A water hook up needs to be installed for the current construction on the combined lots 31 and 32. A line will be installed under Sunlight Beach road connecting the main to a meter on the property. Whether this is accomplished by cutting the road or drilling underneath is yet to be determined, but either way, the procedure will be costly. A check needs to be made as to whether the owner has previously paid a stub fee. If so, the HOA is responsible for the cost to complete the hook up. If not, the cost will be borne by the owner. Initially, however, a locator needs to determine if a stub has previously been installed on the line between the two lots as is indicated on some maps.

Cleaning for the pump in well #2 will be scheduled and water level monitoring equipment installed at that time. The pressure drop in well #1 this past summer appears to be related to the formation of bacteria where there is water and air interface as the water is being pulled into the pump. When the water level monitor was placed in pump #1, measurements were initially taken once daily, but now are being taken twice daily. The records are picked up once a month. The logger is placed about 24 feet down in the well near the site of the pump intake. When the pump is off, the water level is about 5 feet down from the well cap, but drops about 10 feet when the pump is operating. When a monitor is installed in pump #2, we will be able to see the impact on it when well #1 is pumping. Records suggest that the two pumps are in different confining layers. Water is thus being drawn from two separate aquifers with well #2 being in a deeper aquifer.

A review of water pumping records indicates that the booster pump runs continuously when there is a break in a water line. In the future this data might be used to indicate when there is a break, but would not tell where the break is. Chloride level is being measured twice yearly, once in the summer and once in the winter. A sample needs to be taken in the summer from well #2 as it is the deeper of the two wells.

In terms of water use efficiency, consumption has increased over the past 3 years as there are more full time residents drawing water from the system. Weather plays a significantly roll in consumption as well. Loss of water, (water unaccounted for due to leaks in the system), has decreased dramatically over the past 3 years, dropping from 17% to 11%.

Compliance: The Small Water Systems Management Guide needs some working sessions on the committee level in order to complete it. Board members can be assigned responsibility for completion of the various sections. Not all of the sections require equal effort, but that can be worked out in committee. Once done, it will need to be kept currant, as water systems are being held increasingly accountable.

A resolution by the board is needed to implement and enforce the cross connection control program. It may be advisable to hire outside help to accomplish this and some of the sections of the Small Water Systems Management Guide. Evergreen Rural Water Service may be able to help us determine the best efficiencies.

Island County has an accessible database giving information about all the properties in the county. A map of the area utilizing this information shows which properties are hooked up to our system and which vacant properties might require future hook ups. It can also show our facilities and critical recharge area.

The Water Facility Inventory form that is completed yearly needed correction.

The 2012 Consumer Confidence Report indicates no violations, but measurements need to be taken on well #2 as it appears to pump from a different level than well #1. The numbers representing water consumption need to be verified with the system's water manager. The amount of water used for flushing the system varies widely, but less is being used than previously.

Election Committee: John Lovie and Bob Winqvist will be standing for election. Another candidate will be sought due to the resignation of Sharon Vanderslice. Program for the annual member meeting was discussed. Introducing the new owner of King Water was suggested and perhaps another water conservation topic.

Governance: No report.

Old Business: A compromise solution to the billing dispute was negotiated with the landscaper. The instruction manual for operation of the sprinkler that irrigates the landscaping needs to be obtained.

The complaint from the Kohlwes Trust regarding SV-SLB HOA's apparent lack of response to their concerns was due to our letter addressing them, which was sent to their attorney, being returned as "undeliverable" because the suite number was omitted.

A review of the 1992 Grant of Easement from the Kohlwes Trust indicates that they are responsible for paying the base fees for the 10 hook ups reserved for them at such time as those hook ups become available. The Kohlwes Trust was informed by letter, in 1994, that those hook ups were available. In addition, the easement states that the Kohlwes Trust is granted a \$10 a month credit for each hook up right assigned to them. This was considered, by the Board at the time the Grant of Easement was written, as an easement expense. The present board agrees that they have a fiduciary obligation to discuss with the Kohlwes trustees the difference between the credits allowed them and the quarterly fees required by the 1992 Grant of Easement. .

Further, review of the 1992 Grant of Easement by the Board, determined that the Notes to the Financial Statements, for the period ending December 31, 2011, regarding the rights and obligations of the Kohlwes Trust were not correctly reported and require revision. The following resolution was proposed:

Resolution 13-2-09-03:

It was resolved, seconded and unanimously approved that the financial statement for the period ending December 31, 2011 be corrected.

New Business: A Member incurred an overage on his water consumption for his rental house due to a leak in the line between the meter and the house. The Member acted immediately when the leak was discovered and the line has been replaced. Inasmuch as the HOA has in the past forgiven members for 50% of the overage fee resulting from such events when repairs are made in a timely manner, the following resolution was proposed:

Resolution: 13-2-09-002

It was resolved, seconded and unanimously approved that the HOA credit the Member account with 50% of the overage fee caused by the break in his water line.

A Member had a very large overage due to a malfunction in his sprinkler system. The sprinkler system has been disconnected and will not be used until repaired. The board proposed the following resolution:

Resolution: 13-2-09-001

It was resolved, seconded and unanimously approved that the HOA credit the Member account with 50% of the overage fee caused by his malfunctioning sprinkler system.

A Member protested the overage on his account, but there is no identifiable leak and consequently no repairs have been done. Inasmuch as this does not appear to have been an unavoidable event, the following resolution was proposed:

Resolution: 13-2-09-004

It was resolved, seconded and unanimously agreed that the HOA deny credit to the Member's account for the water overage fees.

The Whidbey Island Water Systems Association is a group that meets quarterly and offers valuable information regarding new requirements, symposiums and training sessions which are very helpful to small water systems. Full voting membership for our HOA would be \$200. The board proposed the following resolution:

Resolution 13-2-09-005

It was resolved, seconded and unanimously approved that the SV/SLB HOA apply for full membership in the Whidbey Island Water Systems Association.

Two board members have attended the Water Resources Advisory Committee meetings. It is organized by the Island County Public Health Department and is an advisory group to the Island Count Commissioners on matters to do with water resources.

Sandra Bodamer will be taking over King Water Company. She is in the process of getting her licenses and the transition of ownership will be gradual.

Adjournment: The meeting was adjourned at 1:50 p.m. The next meeting will be held April 27th at 10:00 a.m. in the Big Red Barn on Sunlight Beach.

Submitted by:

Sharon Vanderslice
Secretary