

Rhododendron Summer Home Association
Annual Meeting Minutes
Saturday, May 30, 2009
The Dorman Center
Zigzag, Oregon

1 **Call to Order**

2 Welcome and Opening Remarks

3 President Steve Graeper called the meeting to order at 12:39 pm at the Dorman Center, Zigzag,
4 Oregon. He welcomed attendees and reminded them that this is their Board and their meeting
5 and the Board is looking forward to their input. He introduced the Board: Vice President Dan
6 Holm, Secretary Nancy Dougherty, members Merv Novinger, Reed "Luke" Lucas and Board
7 Member Pro Tem Ralph Pitt. Graeper noted that Treasurer Sharon Lamoreaux was excused with
8 notice as she was sitting for her CPA exam this date.

9

10 Review of 2008 and Early 2009

11 Graeper opened his report with a synopsis of organizational and system accomplishments for
12 2008 and stated it was a good year for Rhododendron Summer Home Association. And while
13 2009 started with a couple of hiccups (the Boil Water order and USDA Forest Service notice of
14 the Lineal Right of Way Special Use permit fee increases), 2009 was shaping up to be a good
15 year as well.

16

17 Salient points for 2008:

- 18 1. 2007 Rate increase for system upgrade is still going strong due to conservative
19 budgeting and careful spending.
- 20 2. System Maintenance/Upgrade:
- 21 - Replaced the McFarland Road problematic line.
- 22 - Replaced the entire Little Brook Lane line.
- 23 - Road 19 line replacement was started in 2008 and work was just completed in
24 2009. In fact, the line had just passed the pressure test last week and is now "on-
25 line". Graeper showed the attendees an example of the kind of pipe problems that
26 had been found during the repair work.
- 27 - Water Master David Jacob has also started doing some branch line valving and
28 metering. After finishing a major block of work, the system's "Finished Water"
29 loss has dropped from 80 gallons a minute to a new system low of 33 gallons a
30 minute, over a 50 GPM reduction in water loss.
- 31 - There is now a new pump and a new paperless chart recorder at the head works.
- 32 3. 2008 Consumer Confidence Report was mailed out with the Annual meeting
33 notice and can also be found on the RHSA website.

34

35 Graeper explained that the January 2009 Boil Water order was due to weather related problems,
36 not system mismanagement. In short, the system could not keep up with the dirty water runoff
37 from the rapid snowmelt. When David Jacob checked the water use at 1 PM on January 1st, he

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1 calculated that the storage tank would be drained by 10 o'clock at night. Graeper praised Jacob's
2 timely action regarding the rapid response to the problem.

3 In particular, Graeper said he was very proud of the way that the Boil Water order notice was
4 communicated. Such rapid notification has not always happened in the past. He noted that when
5 he issued the order, Board members and volunteers from the RSHA community got the notice
6 out in record time. He then presented certificates of appreciation along with a gift certificate for
7 Red Lobster/Olive Garden to: Barbara and Merv Novinger, David and Becky Jacob, Reed
8 "Luke" Lucas, Molly Espenel, Dan and Sherry Holm and Darrin Miller.

9
10 President Graeper announced, with regret, the Board's acceptance of Joie Smith's resignation in
11 2008. Smith resigned from the Board for personal reasons. Graeper read the following:

12 "Joie Smith's contribution to the Association over the years has been invaluable.
13 For at least the last 20 years she has been a part of every major decision involving
14 the Association and was instrumental in the filtration plant improvements. Her
15 knowledge of the system and its history has been invaluable and I hope I can
16 continue to call on her expertise in the years to come. While this presentation
17 does not come anywhere close to expressing how indebted the Association is to
18 Joie, we do wish to express our sincere appreciation for her contributions to the
19 Association. Joie, for your many years of service and dedication to the
20 Association, we give you our sincerest Thanks."

21 Graeper showed the plaque that will be presented to Smith, who was not present, and
22 thanked her for her service and commitment to the association.

23
24 **Secretary's Report**

25 Sherry Holm moved and Bob Hunt seconded a motion to dispense with the reading of the
26 minutes for the last annual meeting, May 17, 2008. The motion passed unanimously.

27
28 Sherry Holm moved and Bob Hunt seconded a motion to approve the minutes as circulated.
29 There was no further discussion. The motion passed unanimously.

30
31 **Treasurer Report**

32 In Sharon Lamoreaux's absence, Executive Secretary Marilyn Peterson gave a presentation on
33 the organization's financials, which were projected on screen for the attendee's review. She also
34 circulated a synopsis of her presentation in a handout "Executive Secretary Notes for Owners".
35 *(Attached for the minutes of record.)*

36
37 The details, in a section called By the Numbers, highlights comments on the Profit and Loss and
38 Balance Sheet for 2008 as well as changes from 2007: Cash on hand was up \$3,000, Accounts
39 Receivable down \$6,000 and Net Income up about \$4,000 in Equity for the association.

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1 In the same presentation, Peterson moved to a series of bullet points on the 2009 year-to-date
2 financials. She noted that the organization's Accounts Receivable was up 54% compared to last
3 year. This has serious cash flow impact. That, coupled with a slight increase in Accounts
4 Payable (1.9%), yields an overall drop of 8.7% in the bottom line.

5
6 Peterson concluded her financials presentation with comments regarding the impact of the new
7 collection policies. The organization has garnered \$1,376 in late fees and \$201 in interest thus
8 far for 2009. Accounts Receivable is standing at \$9,699, 93% of which is over 30 days old.

9
10 Attendees asked a series of organizational questions, mostly about issues with financial impact to
11 the association. They are summarized as follows:

- 12 - Locking meters and their monitoring is paid for by the association
- 13 - Suggestion that there be a one-time assessment to have every connection metered.
14 This led to additional discussion regarding federal aid being available only if the
15 system was completely metered. Currently, metering is an incentive, not a mandate.
16 It was clarified that financial aid might be available to get the system metered.
- 17 - Suggestion that since leak rate is down by approximately 50 GPM that excess could
18 now be sold. Graeper noted that selling excess capacity would be dependent on an
19 inter-tie connection between systems, which currently doesn't exist. The Water
20 Master added that water rights would also have to be investigated. The President
21 clarified that it was the association's intent to reach zero loss, not simply generate
22 maximum capacity. At this time the capacity is 130 gallons per minute. The
23 discussion concluded with a note to explore this issue in the future should the system
24 reach the goal of zero loss due to leaks.

25
26 **Water Master Report**

27 Water Master David Jacob noted that in January 2009 the system use exceeded the 130 gallons a
28 minute production. Sustaining that use level would have been "touch and go" for the system.
29 The choices were a Boil order or allow the system to drain down. The Boil order was the best
30 choice.

31
32 There have been increased efficiencies in dealing with leak repairs due to the upgraded
33 distribution lines. As an example, he talked about a small leak in Woodlands that was remedied
34 easily with only three people shut down where previously the entire area would have been shut
35 down. He went on to note that the decrease in water loss of 50 gallons per minute due to leak
36 repair, was a compilation of repairs in a number of places, not just one area. He described a
37 situation where they were finding a patch every couple of feet in the Road 19 line replacement.
38 Thus, the association has been demonstrably increasing their efforts to loop the system in a
39 variety of places, which makes finding leaks easier and minimizes the number of members shut
40 down for repair.

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2 Commenting on ways to further monitor the system for leaks, Jacob described the use of a small,
3 hand-held electronic meter reading device he has been researching for the system. He explained
4 that monitoring equipment could be installed in a variety of locations throughout the system;
5 readings by the hand-held equipment at the various locations would quickly hone in on where the
6 leaks were occurring.

7
8 With regard to data readings, Jacob is finding the best comparable data readings come mid-
9 morning, mid-afternoon, and best of all at midnight. He does this at least once a month so
10 seasonality factors can be accounted for. Road 10 had the biggest leak found so far. There will
11 be one of the above-noted devices installed on Road 10's section. The zero gallon loss is a major
12 goal and thought to be achievable. Jacob compared our goal to the Lady Creek system that is
13 95% leak free. The Road 19 project, which will cost about \$27,000, created a significant
14 improvement to the system's readings. Currently the average use has been running 40-50
15 gallons per minute. Weekend usage is higher.

16
17 There ensued some discussion about the taste of the RSHA water and its comparison to other
18 Mountain systems. Graeper commented that taste claims varied widely amongst the systems and
19 that they were truly consumer-centric.

20
21 At the conclusion of the Water Master's report, an attendee again encouraged the Board to
22 consider selling excess capacity, especially in consideration of overall funding of operations.
23 That consideration should weigh in when the Board considers rate increases.

24
25 **President's Report**

26 President Graeper read his report into the minutes (*see attached fully notated "Agenda" for this*
27 *meeting, pages 3 through 5 for the minutes of record*). His report included: explanation of a By-
28 Laws amendment regarding the removal of directors (*see attached full verbiage for the minutes*
29 *of record; the proposed name change from Rhododendron Summer Home Association to*
30 *Rhododendron Water Association (see attached verbiage for the minutes of record)*); the
31 consideration of a boundary consolidation for Rhododendron Summer Home Association with
32 those of Faubion Loop and John Lake (including metering issues); an explanation of grant and
33 stimulus monies available for RSHA system improvement; and comments regarding future
34 projects.

35
36 After his report, Graeper made some additional comments. He explained it could cost \$615K or
37 more to upgrade the system to current State and Federal standards. If RSHA could obtain a loan,
38 the system's user rates would need to be increased very modestly to service the debt. He added
39 that in order to qualify for any State or Federal loans or assistance, RSHA would be required to
40 meter all service lines on the system (a cost of approximately \$100,000). Graeper is currently

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1 looking at the possibility of a grant to fund some or all of the metering cost. He pointed out
2 however, that in order to qualify for any grant funding, users need to be paying about \$45/month
3 for water and the system needs to be in an “Economically Depressed” area. Currently, the
4 average monthly user rate is approximately \$23/month and the 2000 Census data for the 97049
5 Zip Code includes the higher income areas of Zigzag Village, Timberline Rim, etc., which skews
6 the mean household income well over the level to qualify for Grants or Loan Interest rate
7 reductions. RSHA would have to commission an “Economic Income Survey”, which could cost
8 between \$3-\$5K, to determine the actual “Mean” household income for the RSHA service area.
9

10 He acknowledged that rather than take out a loan, RSHA could do annual “Capital
11 Improvement” assessments, which are how Lady Creek funded some of their construction, but he
12 assured everyone that all options would be thoroughly analyzed before making any funding
13 commitments.
14

15 Bottom line: the Board is anticipating a rate increase for 2009. What the increase will look like
16 is dependant on what funding options the Board ultimately decides upon.
17

18 Graeper is meeting in June with all State and Federal funding agencies in what is referred to as a
19 “One-Stop” to define what RSHA needs in the way of funding and find out what funding is
20 available.
21

22 A member attendee brought up the issue of water supplies and fire suppression in the region.
23 Graeper was queried whether the Board had thought of going into a “community mode” and join
24 with fire department, etc. on community-wide issues. Graeper acknowledges that is an approach,
25 discussion of which will take place at the “One-Stop” meeting.

26 **Results of Balloting**

27 The Executive Secretary announced the results of the balloting as follows:

28 Board of Director positions (3-year term): **Reed “Luke” Lucas and Ralph Pitt**

29 Reed “Luke” Lucas 43

30 Ralph Pitt 42

31 Fran Mazzara 1

32 By-Laws Revision: **Passed**

33 Accept revision: 44

34 Reject revision: 1

35 Change of name from Rhododendron Summer Home Association to
36 Rhododendron Water Association: **Passed**

37 Accept change: 40

38 Reject change: 1

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1 **New Business**

2 Reed “Luke” Lucas complimented President Graeper on being all-inclusive in his leadership,
3 particularly with regard to the make-up of the Board, insuring that the Board is comprised of
4 members with diverse strengths. He then turned to the attendees and encouraged them to
5 consider being on the Board as vacancies occur.

6

7 **Member Questions/Suggestions**

8 Attendee Bob du Biel noted that when Salmon Valley went to metering on every service, the
9 water usage went down tremendously, because everyone was paying for only what they used.
10 President Graeper noted that he was not looking towards service meter installation for the
11 purpose of monthly billing, but rather to aid in the finding of leaks and to qualify for funding.
12 The monthly meter reading and billing process would be much too costly at this time.

13

14 Member Bob Hunt requested that the Financials be made available on the web site. Marilyn
15 Peterson assured him that would happen.

16

17 **Adjournment**

18 Sherry Holm moved and Reed Lucas seconded a motion to adjourn. The motion passed
19 unanimously. The President declared the meeting adjourned at 1:50 pm.

20

21 Respectfully submitted,

22

23

24 Marilyn Peterson
25 Executive Secretary