

**Rhododendron Water Association**  
**Annual Meeting of the Membership**

**Saturday, May 21, 2011**

**12:30 pm**

**The Dorman Center – Zigzag, Oregon**

**BOARD MEMBERS PRESENT:** Ralph Pitt, Merv Novinger, Sharon Lamoreaux, Steve Graeper

**RWA CONTRACTORS:** David Jacob, Water Master; Eric and Marilyn Peterson, Mountain Quail Business Services, Inc.

**MEMBERS PRESENT:** Bebe Arnold, Ralph Pitt, Steve Graeper, Robert Hunt, Kathy Kaiser, Sharon Lamoreaux, Kevin Liburdy, Barbara and Merv Novinger, Alma Reick

**Call Meeting to Order** – Welcome and Opening remarks

The Chair Steve Graeper called the meeting to order at 12:36 pm. He welcomed attendees and introduced the Board of Directors. The meeting is called in accordance with the organization's bylaws and is designed to inform and to give opportunity to the membership to give input to the Board.

**Secretary's Report**

The Minutes of the May 22, 2010 Annual Meeting of the Rhododendron Water Association membership were circulated earlier with this meeting's notice, agenda and Board election ballot. Susan Corwin moved and Kathy Kaiser seconded a motion to dispense with the reading of the Minutes of the May 22, 2010 Annual Meeting. There was no discussion. The motion passed unanimously.

The Chair called for corrections to the Minutes as circulated. There were no corrections or revisions. Barbara Novinger moved and Bob Hunt seconded a motion to accept the minutes as distributed. There was no discussion. The motion passed unanimously.

**Treasurer's Report**

Board Treasurer Sharon Lamoreaux passed out packets to Board and attendees that included 2010 cash basis Profits and Loss, Balance Sheet financial reports.

Lamoreaux focused here initial remarks on the comparison of the Balance Sheet for 2008, 2009, and 2010. There were changes in three main areas: 1) The asset section was expanded to show original costs and accumulated depreciation for each asset. 2) Liens older than one year were moved out of current Accounts Receivable account and posted into an Other Asset account as an Allowance for Doubtful Liens. This creates a more conservative analysis of accounts Receivable that will most likely be paid. Should the Doubtful Liens ever be collected, they will flow in as revenue for the year in which they are received. And finally, 3) all net revenues are not being posted into Restricted Assets (i.e., into a reserve for future capital projects).

Lamoreaux then commented on various items on the cover page of the Treasurer's Report packet. In particular she pointed out the significant gains in net revenue each year since 2008. She also reviewed the uses of the 2010 net income of \$15,438.92, backing out first some non-cash items such as Depreciation, Amortization and Bad Debt expenses. That was followed by adjustments for accrual (non-cash)

transactions such as Accounts Receivable, Accounts Payable and the like. This needed a Restricted Asset cash balance for capital improvements. Due to receiving the financial reports for 2010 only the previous day, she had not been able to prove out why the cash flow analysis did not reconcile.

Lamoreaux concluded her report with a statement that she could not present any 2011 information due to lack of reports. In her view, the March 31, 2011 reports did show that the organization was on track with its budget.

### **Executive Secretary's Report**

Marilyn Peterson reported a continuing momentum in collections; there were only two shutoffs due to lack of payments for the current year. Steve Graeper felt that the membership was adjusting to the Board's commitment to timely collection of fees due the Association.

### **Water Master Report**

Water Master David Jacob reported on system reporting, physical plant and system operations as well on-going leak control and metering projects for 2011.

He opened his comments on the Consumer Confidence Report for 2010, noting that RWA had received two, low-grade violation notices in 2010. One was a clerical error by the State in filing a report as "special" rather than "routine" and the other related to timing of reports. Both situations were rectified, but the violations stay on the record.

The operations at the filtration plant are running smoothly in general. The generator recently died. A small interim generator was purchased while Jacob researched the best long term solution. The generator has now been replaced with a one with a two year warranty. The small, interim generator is offered for sale with an asking price of \$800.

With regard to two on-going projects (leak control and metering), Jacob reported the following. The leak detection and repair work has been successful in gradually diminishing water loss for the system. He anticipates the system loss due to leaks will be down to 20 gpm by end of summer 2010. 2010 will end with approximately two-thirds of the system metered.

### **President's Report**

President Steve Graeper read the following report to the Board and membership in attendance.

#### Review of 2010 and a look forward to the future

*It is with great pride that we can announce that RWA made it through 2010 without any major service interruptions. Which, given the tumultuous year we had in 2009, is quite an achievement. Now, as we move into the 2nd decade of the new millennium, it is a good time to reflect on the accomplishments and improvements made to the RWA system during the last decade. While the past 10 years have offered some significant challenges, not least of which was the November 2009 filter plant disaster, RWA has made some substantial improvements to the system all in an effort to provide our members with an inexpensive, uninterrupted flow of the 2<sup>nd</sup> best tasting water\* in the state.*

#### RWA accomplishments to date over the past 10 years

*Early in the decade, with the reconstruction of the Zigzag/Still Creek Bridge on Hwy 26, we replaced a major section of main distribution line along Hwy 26 and a major section in the Meadows area. We also installed two,*

*much needed, fire hydrants in Rhododendron. As the decade progressed, we concentrated our efforts on distribution system upgrades and focused on the problematic Woodlands area where we replaced water lines and installed isolation valves on McFarland Rd, Woodlands Rd and Old Smokey, while repairing constantly occurring leaks in the area. We also replaced and upgraded the main water lines on Rd. 19, Littlebrook Lane and a substantial section on Road 3 near the Skyway.*

*Most recently, we have placed a focus on eliminating finished water leaks by installing branch line meters and valves at strategic locations. We have placed meters and/or valves at Road's 9, 10, 13, 14, 15, Marion Road, the Swinging Bridge and East Henry Creek Road to facilitate better control of repair related outages and help narrow down leak detection in those areas. We have also begun a systematic approach to metering the entire system, which should take between the next 3-4 years. This metering program is an effort to help identify leaks in member's service lines only. By no means will they be used as a measuring device for billing purposes. However, by installing the Branch line and service line meters, we have been able to locate and identify numerous leaks in service lines and have reduced our finished water leaks from 85GPM to 35GPM. All of this is to help achieve our ultimate goal, which is to eliminate leaks all together. We hope to achieve that goal by the end of next year.*

*Then, as the decade began drawing to a close, we had a couple of unfortunate weather related events that caused some significant service disruptions. While these events pointed out some serious deficiencies in our system, we were able to identify those deficiencies, decide what changes needed to be made and begin implementing those changes. However, we also identified some serious deficiencies in our financial structure as we depleted what little financial reserves we had in an effort to upgrade the system.*

*Consequently, last year we totally restructured the rate system. As a result, we were able to retire the \$100,000 loan, taken out early in the decade and we established a new "Contingency Reserve" fund to be added to annually. In addition, we have started a process of implementing (over the next 10 years) some much needed system wide Capital Improvement projects. For example, this year we replaced the 10 year old generator that failed earlier this year and we are replacing the 30 year old roofs on the Water Storage tank, the Chlorine building and Equipment Storage shed. We are committed to staying out of debt and self-funding ALL of our system improvements, while maintaining operations and planning for future upgrades to the entire system.*

*Fortunately, due to our little tree incident, we were also able to rebuild the entire water treatment plant, at no expense to members. In addition, we were able to "muck out" the collection and backwash ponds and have established a great working rapport with Lady Creek Water System, which allowed for a much-needed Inter-tie between the two systems and a sharing of resources.*

### **Future projects**

*Now, as we look forward to the future and specifically the next 10 years, we have mapped out a plan for upgrading and improving the entire distribution system so the deficiencies in the system will be corrected. We have plans on installing a 2<sup>nd</sup> 100,000-gallon water storage tank, improving service to our members by systematically upgrading major distribution lines or replacing lines that do not adequately provide service, installing membrane filtration at the plant and completing the Branch and Service line metering program. We have also begun a relationship with the Sandy River Basin Watershed Council who is helping us look at ways to possibly fund the replacement of the failing diversion dam on Henry Creek at the head-works.*

*All these projects will hopefully,*

- 1. Eliminate the need for any lengthy service disruptions in the future and*
- 2. Eliminate the need for any more substantial rate increases or special assessments.*

*That is not to say rates will not increase, as inflation would mandate our need to periodically increase rates accordingly. However, it is highly doubtful that another significant rate increase or any special assessments will be*

*needed to accomplish our goals.*

### Boundary Consolidation for John Lake and Faubion Loop

*Also, included in our future plans is absorbing the John Lake and Faubion Loop Water Systems into the RWA. Both systems are currently Bulk Rate water users. By absorbing them into the RWA, we can stabilize the rate structure and they can benefit from system improvements and increase their voice in the RWA business affairs. We have been working closely with each association and we all believe consolidation is a "Win-Win" for all concerned. Overall, the future looks very bright for the RWA.*

At the conclusion of his report, Graeper welcomed questions from attendees.

Bob Hunt asked about the consolidated system's ability to expand. Graeper replied that an old moratorium in place about five years ago was no longer in effect. RWA has the ability to bring on additional connections. David comment re areas of low system pressure...might be asked to participate in an upgrade.

### **New Business**

None.

### **Member Questions/Suggestions**

None.

### **Results of Balloting**

Eric Peterson reported on the balloting process: 55 ballots were received; 52 by mail and 3 at today's meeting. One ballot was cast by an unknown voter with a last name of French. (No one present recognized the name.) Of the ballots cast, four voted for four candidates rather than three, making the ballots invalid. Of the 50 valid ballots, the voting tallied as follows: Steve Graeper, 50; Dan Holm, 41; Ron Jagow, 22; Curt Thompson, 34; Fran Mazarra, 1. The President declared Steve Graeper, Dan Holm and Curt Thompson elected.

### **Adjournment**

There being no further business before the membership, Kathy Kaiser moved and Alma Reick seconded a motion to adjourn. There was no discussion. The motion passed unanimously. The Chair declared the meeting adjourned at 1:12 pm.

Respectfully submitted,

Marilyn Peterson, Executive Secretary  
Mountain Quail Business Services, Inc.

*Attachments:*

*Agenda*

*Minutes of the May 22, 2010 Annual Meeting*

*Treasurer's Report (packet)*

*Consumer Confidence Report*