

Rhododendron Water Association
Annual Meeting of the Membership Minutes
Saturday, May 19, 2012
12:30PM
The Dorman Center
ZigZag, Oregon

- **Call Meeting to Order**

Steve Graeper

Welcome and Opening remarks

President Steve Graeper called the Annual Meeting of Rhododendron Water Association membership to order at 12:36 PM. Board members in attendance included: Steve Graeper, Merv Novinger, Ralph Pitt, and Dan Holm. Board members absent with notice were: Curt Thompson and Nancy Dougherty. RWA contractors present included: David Jacob, Water Master and Executive Secretary Marilyn and Eric Peterson. There were 26 people in attendance with one guest. A sign-in sheet of members in attendance is attached.

Graeper welcomed everyone and expressed his appreciation for the interest and the better than average attendance. He introduced the Board and subcontractors.

- **Guest Speaker**

Deputy Hoodland Fire Chief John Ingrao

The President revised the agenda to allow for the presentation by Deputy Chief John Ingrao, from Hoodland Fire District #74, who needed to leave early to attend other Hoodland Fire obligations. Ingrao spoke on fire suppression and the recent changes in ratings made by the Insurance Services Office for insurance rates. After the presentation, Graeper expressed the Associations appreciation for the great work provided by Deputy Chief John Ingrao, Chief Mic Eby, and the entire team at Hoodland Fire. He also asked Ingrao about things homeowners might address as the region comes into the fire season. Ingrao focused mostly on owner management of fuel sources, such as shrubbery and trees on their properties. Hoodland Fire District was confirmed as the lead on fires that occur in residences on public lands (i.e., the Forest Cabin Homeowners on leased federal land) however the fire district works very closely with the Forest Service through out the entire area.

- **Secretary's Report**

Nancy Dougherty

In Secretary Dougherty's absence, Graeper called for the reading of the minutes that had been distributed in the Annual Meeting mailing. Robert Hunt moved and Francis Hansen seconded **a motion to dispense with the readings of the Minutes of the last Annual meeting, May 21, 2011**. There was no discussion. The **motion passed** unanimously. The President called for revisions to the Minutes as circulated. Robert Hunt moved and Kathy Kaiser seconded **a motion to accept the minutes as circulated**. There was no discussion. The **motion passed** unanimously.

- **Treasurer's Report**

Marilyn Peterson

With the Treasure position on the Board vacant, Marilyn Peterson, Mountain Quail Business Services, Inc., gave the Treasurer's report for Year-End 2011 and Year-to-Date 2012. She gave a presentation that compared Year-End 2011 to Year-End 2010. The gross revenue remained almost identical at just over \$127,000. Expenses for 2011 were up overall by about \$4,300, mostly due to the re-roofing and the cleaning project on the Water Storage tank at the head works. Professional fees were also over budget due to Attorney Consultation fees regarding the merger of the Faubion and John Lake systems with Rhododendron Water. On the balance sheet for 2011, the cash reserve for Long-term Capital Improvement plans increased from \$10, 089 to \$17,899.

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Year-to-date financials (January through April 2012) show revenues are approximately \$6,400 ahead of budget and expenses about \$10,000 below budget (due mostly to weather delays on maintenance/repairs and Capital Improvement projects). The YTD profitability is approximately \$33,935 ahead of budget. It was noted that excess funds have been put into short-term Certificates of Deposit, now totaling about \$55,516 in on-going effort to build reserves to self-fund Capital Improvement projects over the next ten plus years. Treasures report was accepted.

- **Executive Secretary's Report**

Mtn. Quail Business Services

Executive Secretary Marilyn Peterson told the membership that Board Members Dan Holm and Curt Thompson are doing a complete review of the RWA Billing and Late Payment policies and will make recommendations to the Board. A question from the floor asked if the Board would consider e-mail billings. Rick Peterson noted that because RWA bills only once a year, e-mail addresses get out of date and e-mail billing might create more problems than it solves. At this time only 38% of the members have reported their e-mail addresses. He pointed out that as the Association advances, e-mail billing and/or on-line account payment could be considered for future billings.

- **Water Master Report**

David Jacob

Prior to David's report, Graeper made note that **RWA received the 2012 OAWU Award for Best Tasting Surface Water in the State of Oregon**, a fact which both Jacob and the entire membership should be very proud. Jacob then noted that the Consumer Confidence Report had been circulated to the membership and there was nothing remarkable to report, as the quality of the water is well established and maintained. Member Frances Hansen questioned the Lead impact from old plumbing in some of the residences. Jacob suggested that Lead is not of huge concern in our system and that the Lead test is required by the State every 3 years as routine. Graeper suggested that if Hansen was concerned, a sample could be drawn from her tap the next time the system tests for Lead content. He asked Jacob to make note and that her address should be included in the sampling during the next test. Graeper also suggested that anyone concerned about water quality may take a sample to an independent lab, of which there are several in the Portland area, for testing.

Jacob reported that the filter plant operation was running smoothly and Distribution System upgrades for this fiscal year has a small amount of funding set aside for some improvements. It is still undecided if RWA will use those funds for some line replacement or further sectionalize the system to increase the success in resolving leaks. The decision will be based on leak rate and what is discovered as the metering project continues. Since 2008, when the system was losing 85 gallons per minute to leaks, sectionalizing the Distribution System has reduced the finished water loss due to leaks down to 35-40 gallons per minute. The on-going metering project has been a substantial tool for resolving leaks and has discovered a number of leaks in owner lines versus RWA distribution lines.

Regarding the on-going metering project, Jacob said he is scheduled to install another 50-60 meters with this year's budget. He noted that, to date, approximately 50% of the system has been metered with 2-3 more years remaining for project completion. Graeper once again clarified that the meters will not be used for billing based on metered consumption, but rather for leak detection and control of water to members for various reasons. In addition, Graeper noted that State and Federal funding sources require a system be metered prior to any funding requests. That is not to say in 15-20 years a metered rate based on

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consumption wouldn't be used if it proved to be beneficial to members, but that is not the primary reason for the metering project.

Jacob then shared a recently removed line section and failed valve as an illustration of some of the things he comes across in the system during management. In this case, the old failed valve cost around \$50 back in 60's and 70's when the valve was installed. Jacob installed in its place a \$250 valve that will have a service life of at least 100 years. Graeper emphasized that the Board encourages Jacob to install the best, long-lived solutions when he comes across line or part replacements. The philosophy being that a little extra money spent now will save lots of money in the future. Graeper commented that both he and Jacob are committed to getting the leak rate down below 10 gallons per minute within the next couple of years and ultimately, if possible, down to zero gallons per minute.

• **Presidents Report**

Steve Graeper

The President welcomed both the Faubion and John Lake members in attendance and felt that the merger, which went into effect January 2012, will have long-term benefits to all members.

Graeper went on to say it is his goal to improve the system over the next ten plus years with no special assessments or large rate increases. He presented a plan that lists over \$865,000 in Capital Improvements that are needed and should be accomplished over the next ten to fifteen years. He reviewed revenue source history and future revenue projections for the next several years that will be used to invest and build a fund to pay for projects such as the \$150,000 Membrane Filtration System scheduled for 2016. Other Capital projects include a revision of the System Master Plan (completed this year), finishing the Meter installation project, installing a second 100,000-gallon Water Storage tank, a continuation of the Branch line metering/valve installation project and the repair/replacement of the diversion dam at the Head-Works. With regard to the latter, the diversion dam project has moved to the head of the list for priority since the dam is to the point of collapsing. RWA has given a retainer to Firwood Design to provide design and construction expertise to address the issue. The diversion dam project is scheduled for completion in 2013.

Future funding considerations will be the acquisition of a remote monitoring and control system called **Supervisor Control And Data Acquisition (SCADA)**. This has a potential to save the Association over \$2000.00 per year. Also, there are funding needs projected for rebuilding the substructure that carries the main RWA distribution line across the Zigzag River near the Swinging Bridge. The wooden cradle that holds the insulation has deteriorated and the line is exposed subjecting it to possible freezing. However, the line currently will not freeze due to the constant flow of water from use and leaks. The goal to reduce leaks will require the replacement and insulation of the line because the risk of freezing will increase as flow is reduced.

Graeper then addressed the management of user rates to cover costs. Industry research shows, as a general rule, water systems should be raising their rates approximately 2.6% per year to stay in line with inflation. Graeper is committed to having NO Special Assessments or borrowing funds from any of the available lending sources. Rather, he would like to safely invest any excess funds annually and generate interest in order to self-finance all the Capital Improvements over the next ten to fifteen years. Paying interest to a lender and managing a debt load over the next 20 years doesn't make sense to him. Water

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rates over the next decade are projected with margins that should be adequate enough to maintain and improve the system. He is committed to raising rates every two years rather than every year and then at a rate less than the 2.6% per year average suggested by the industry. With the current 10-Year On-Going Capital Improvement program, Graeper noted that between now and 2022, rates would likely increase approximately 3% every two years. That figures out to be approximately \$5.00 per year, every two years. He welcomes any input and is willing to look at all options brought to the Board by the membership.

With the improvements to both the filtration and distribution systems, Graeper's goal is to achieve an "Outstanding Performance" designation, which will decrease the occurrence of Water System Surveys by the State Drinking Water program from every three years to every five years. Those system surveys cost the Association \$900.00 for each survey.

- **Results of Balloting**

Mt. Quail Business Services

Election Clerk Eric Peterson announced the results of the balloting for Board Members: Curt Thompson 71 votes, John Young 71 votes, and Ralph Pitt 69 votes. There were no write-in names on the submitted ballots. The three candidates were declared elected to the Board.

- **New Business**

None

- **Member Questions/Suggestions**

Frances Hansen asked about notifications on water system work and water shut offs. Jacob and Graeper referred her to the RWA website, which carries such notifications on the home page. Jacob also said that he posts signs in the work area several days prior. Eric Peterson gave out the RWA web site address and said that it will be updated regularly. **The RWA web site can be found at: <http://rwa.mthood.info>**

- **Drawing for Prizes**

The meeting concluded with a drawing for the door prizes. Congratulations to Kathy Kaiser, who won the Huskey Road Side 124 piece Tool Kit and to Bob West who won the Garmin NUVI GPS system.

- **Adjournment**

Kathy Kaiser moved and John Young seconded **a motion to adjourn the meeting**. There was no discussion. The **motion passed** unanimously. The meeting was declared adjourned at 2:20 pm.

Respectfully submitted,

Marilyn Peterson
Mountain Quail Business Services, Inc.

Member sign-in sheet
Agenda
Annual Meeting Minutes for May 21, 2011
Election Clerk Tally of Board Member Election