

# Rhododendron Water Association

## 2022 Annual Meeting

Saturday May 21, 2022

1:00PM – 2:00PM

ZigZag Inn

70162 US-26

Welches, OR 97067

1 **PRESENT:** President, Steve Graeper; Board Members, Bill Nylund, Bob Phillips, Mike  
2 Miskowicz, and John Young.

3 Others present: Water Master, David Jacob;

4 A total of 13 members signed the sign in sheet.

5 **ABSENT:** (Excused) Vice President/Treasurer, Ralph Pitt; Secretary, Merv Novinger; and  
6 Executive Secretary, Laura Patty.

### 7 **CALL MEETING TO ORDER**

#### 8 **Quorum Determination:**

9 Graeper determined a quorum was present for the meeting to proceed.

#### 10 **Welcome and Opening Remarks:**

11 President Steve Graeper opened the meeting at 1:05 PM. Graeper thanked everyone for attending  
12 and announced that RWA was providing pizza and beverages for the meeting to say thank you to  
13 the membership.

14 He then introduced the RWA Board of Directors in attendance: Board Members, Bob Phillips;  
15 Bill Nylund; Mike Miskowicz; and John Young.

16 He also introduced Water Master, David Jacob.

### 17 **SECRETARY'S REPORT**

#### 18 **Approval of 2019 Annual Meeting Minutes**

19 Graeper explained that because of COVID-19 no annual meetings were held for years 2020 or  
20 2021, so the minutes of the last meeting, held May 17, 2019, need to be approved. While the  
21 minutes were previously distributed via email and listed on RWA's website, so much time had  
22 elapsed since the last meeting, he asked for the minutes to be read. Sharon Lamoreaux moved  
23 and Melanie Farnsworth seconded **a motion to do away with the reading of the minutes.**  
24 Motion PASSED unanimously.

25 He then asked for any corrections or amendments to the May 17, 2019 Annual Meeting minutes.

26 John Young moved and Bill Nylund seconded **a motion to approve the 2019 Annual Meeting**  
27 **minutes as distributed.** Motion PASSED unanimously.

#### 28 **Ratification of 2020 & 2021 RWA Board elections and ballot results**

29 Graeper pointed out that two years have passed since last meeting and election results have not  
30 been made a part of the minutes record. Therefore, the election results needed to be ratified.

31 For year 2020, there were 55 ballots collected. Both Graeper and Miskowicz received 53 votes  
32 and were elected for 3-year terms. There was only 1 "NO" vote to cancel the 2020 Annual  
33 meeting.

34 For year 2021, there were 81 ballots collected. Bob Phillips received 77 votes and both Ralph  
35 Pitt and John young received 76 votes. All three were elected for 3-year terms. There were 3  
36 "NO" votes to cancel the 2021 Annual meeting.

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**1 PRESIDENT’S REPORT**

**2 Rhododendron Water Association Now and in the Future**

3 Graeper expressed the importance of the Board and thanked them for their foresight and efforts  
4 towards helping RWA achieve all the major accomplishments to date. Graeper then went on to  
5 read his prepared remarks listing what has been accomplished by RWA since the 2019 meeting.

6 *(The complete text of his remarks, are attached to these minutes).*

7 After the text was read, Bob Phillips Thanked Graeper for his efforts as RWA’s President and for  
8 his efforts to protect the association’s watershed and for what likely will amount to tens of  
9 thousands of dollars saved in loan costs, interest payments, and for advocating for possible  
10 reimbursements.

11 Michelle Lamoreaux asked about the John Lake system and planned improvements. It was  
12 explained that the existing John Lake water line is severely undersized and water pressure  
13 fluctuates dramatically with multiple users. A new 4” water main will be installed along  
14 Highway 26 from Henry Creek to John Lake Road. Then along the entire length of John Lake  
15 Road with new meter hook-ups for all those served by the John Lake line.

**16 GUEST SPEAKER**

17 Graeper then introduced the guest speaker, **HOODLAND FIRE DISTRICT, Chief, Jim Price.**

18 Chief Price spoke on the importance of defensible space around residences to prevent the spread  
19 of wildfire. He also spoke about the possibilities of Rhododendron, or neighborhoods within  
20 Rhododendron, becoming Firewise® communities and what all that entailed.

21 He concluded his remarks speaking about the 2020 Insurance Services Office (ISO) upgraded  
22 ratings for the Hoodland area. He suggested it is always a good idea for area residents to  
23 periodically ask their insurance provider to re-quote fire insurance coverage.

**24 EXECUTIVE SECRETARY/TREASURE’S REPORT**

**25 Review of 2019 Financials and 2020YTD**

26 Executive Secretary, Laura Patty was absent from the meeting. Graeper reminded everyone that  
27 the 2019, 2020, and 2021 year-end financials were available on the Rhododendron Water web  
28 site. He reported the following Balance Sheet items for 2022: Total Current Assets as of April  
29 30, 2022 is \$144,107, with Total Assets listed as \$336,521.31. Current liabilities were listed as  
30 \$9,464.80 and Long-term liabilities were listed as \$575,539.71.

**31 Account updates, billing changes**

32 None reported

**33 WATER MASTER REPORT**

**34 2021 Consumer Confidence Report**

35 Filtration Plant Operator David Jacob reported RWA has once again surpassed all minimum  
36 requirements for water quality standards. The 2021 Consumer Confidence report is listed on the  
37 web site. He also reported the filtration plants continue to operate as designed and the meter  
38 replacement program is proceeding on schedule.

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1 **BUSINESS MEETING**

2 **RWA Financial Assistance Program**

3 Graeper reported that for the past three years, RWA has maintained a Bill Assistance program to  
4 help qualifying members with water dues payments. Bob Phillips and Bill Nylund oversee the  
5 confidential program and reported this year they have assisted only three members with water  
6 association dues payments.

7 The program is funded strictly by donated funds from the community. The donated funds  
8 account, available for assistance, currently has a balance of \$1100.00.

9 **Capital Improvement Projects Recap and Update**

10 Besides the on-going 10-year water meter replacement program, the John Lake water main  
11 replacement is currently the only Capital Improvement project that is scheduled. That project  
12 will take two years to accomplish and is currently on hold until the forest service completes the  
13 process of approving our application to install water lines on forest service right-of-way. It is  
14 expected to be approved sometime this construction season.

15 **RESULTS OF BALLOTING**

16 **Director Election Results**

17 Graeper reported the results of the RWA election ballot for Directors. There were 67 ballots  
18 received. Merv Novinger and Bill Nylund both received a total of 62 votes and were elected for  
19 3-year terms.

20 **MEMBER QUESTIONS/SUGGESTIONS**

21 Nothing noted.

22 **ADJOURNMENT**

23 President Graeper thanked everyone for attending the 2022 Annual meeting and adjourned at  
24 2:04PM. The next RWA Annual Meeting will be held in May 2023.

25 Respectfully submitted,  
26 Steven Graeper, acting Recording Secretary

# Rhododendron Water Association

## 2022 Annual Meeting

### Events since last Annual Meeting

#### 2019

After our state mandated “System Survey” in October 2018, RWA was awarded “Outstanding Performer” status. Less than 14% of Oregon drinking water systems qualify for “Outstanding Performer”. This was quite a feather in RWA’s cap. We all have David Jacob to Thank for this honor.

Also in 2019, the two large Capital Improvement projects, the 130,000-gallon Hofeldt reservoir and the headworks Slow-Sand filter were completed. The cost for those projects was \$850,000, funded by the state drinking water revolving loan fund. The loan term is 20 years at an interest rate of 1.72%. RWA also qualified for a 30% Principal forgiveness, making the total obligation to the state just under \$550,000. RWA’s goal is to have the obligation to the state paid off within 10 years.

Other 2019 Capital Improvement projects completed were the bore for a new water main under US Hwy 26 from Henry Creek Road to Road 20, and installation of a new water main along south side of Hwy 26 from Road 20 to Log Lodge. These projects were budgeted and paid for from RWA Capital Improvement reserves.

On October 29, 2019 a high wind event caused a large tree to fall across the top of the new Hofeldt reservoir, causing some damage. Costs for repairs were in excess of \$10,000 and were covered by insurance with a \$500.00 deductible. Insurance premium rates were unaffected the following year.

Also, as reported at the May, 2019 Annual meeting, in 2018 RWA was awarded a \$30,000 Grant to be used for establishing protections for the Henry Creek watershed. The RWA watershed needed protections because, at the time, Oregon Forest Practices and the DEQ guidelines for riparian buffers were severely inadequate to protect drinking water streams and RWA felt compelled to protect the sole source of water for the residents of Rhododendron. RWA contracted with Sustainable Northwest to act as our agent in negotiating protections and efforts to gain some protections within the watershed were then actively pursued.

#### 2020

March 2020 the COVID Pandemic was declared. Consequently, all in-person Board meetings and the Annual meeting were cancelled. In 2020, the RWA Board held 2 virtual board meetings.

In September, the Labor Day Wind Storm caused a major break in the suspended 4” Main which runs parallel to the Swinging Bridge across the ZigZag River. A partial **Boil Water** notification was issued. The nearly \$4,000 cost for that repair was not claimed for insurance reimbursement because of the previous year’s insurance claim. However, RWA was ultimately reimbursed fully by a FEMA Disaster Declaration claim.

Also in 2020, our 10-year meter replacement program was established. Every year for the next 10 years about 35 new radio read meters will be installed. Meters are used for the purpose of residential leak detection and not as a revenue generator.

The Source water protection efforts continued into 2020, but little progress was made due to the unwillingness of the private property owners to negotiate. However, the Forest Service did agree to an MOU for its portion of the watershed. After negotiations failed and on advice from Sustainable NW, RWA ceased attempts to negotiate with the private property owners. RWA informed the state that we would surrender the remaining balance of the Grant funds.

It was after negotiations failed that RWA enlisted the efforts of District 52 Representative Anna Williams and Senator Chuck Thomson. More on their efforts later.

## **2021**

Still in the depths of COVID, all board meetings were virtual and it was once again decided to cancel the Annual meeting.

The Capital Improvements for 2021 included installation of a new 4" main extending from behind the store up to Still Creek Inn. This improvement replaced inadequate 1½" and 1" poly lines installed in the 1970's that have plagued the association with persistent leaks. It also improved the water service for the Busy Bee and Dairy Queen.

In March of 2021, RWA became aware of a potential sale of 150 acres in the Henry Creek watershed. The 150-acre parcel was ultimately sold to Chilton, LLC and it was learned that their intention was to clear-cut the 150 acres.

Efforts to protect the watershed then went into overdrive. The balance of the \$30,000 grant went to Sustainable Northwest and to RWA attorneys who, together, ultimately negotiated an Equitable Servitude (the first of its kind in the state) allowing RWA to purchase a perpetual 150' Riparian Buffer zone along the south side of Henry Creek and a complete No-Cut Zone on the North totaling over 35 acres for a cost of \$175,000. The agreement was lauded by the state and conservation groups, but was tantamount to paying ransom to Chilton in order to protect our watershed.

On May 18, 2021, Chilton began preparation to start clear-cutting the 150-acre site. While the agreement had not yet closed, it was agreed that the Henry Creek watershed would be protected.

Obviously, RWA could not afford to pay from reserves the \$175,000 without it causing a huge financial burden on the Association. So, RWA made application with the state for Emergency funding. On June 18, 2021, while the state emergency funding application was still in process, the purchase and sale agreement for the Equitable Servitude between RWA and Chilton closed.

Needing the funds rapidly, a Bridge Loan for the \$175,000 was obtained from Craft3 that carried a 3-year term, at an interest rate of 5% with Interest only payments for 3 years and a balloon payment for the principal at the end of the term.

Finally, in late 2021, RWA was informed that the state had approved our application for Emergency funding, but for only \$100,000. The loan term being 1% for 40 years with a 50% Principal forgiveness, making our obligation to the state only \$50,000. The remaining \$75,000 that had to be paid out to satisfy the Bridge loan was obtained through our credit line with CoBank. The LOC carries a variable interest rate (currently 2.79%) with a minimum monthly payment of 1% of the balance. The LOC loan balance is currently \$50,000 after RWA paid a total of \$25,000 in additional principal payments from Capital Improvement reserves. The goal is to have the LOC paid off by the end of 2023, or sooner.

With the state funds and the line of credit, RWA was able to pay off the Craft3 Bridge loan on February 2, 2022. RWA is currently making quarterly payments to the state for both the 2018 \$550,000 Capital Improvement loan and the \$50,000 balance remaining of the emergency loan.

## **Where does that leave us?**

As a result of all the issues exposed during the initial attempts to protect our source water, RWA took the issues to Oregon District 52 representative, Anna Williams and Senator Chuck Thomson. They learned that RWA was not the only water system that has experienced surface water source protection issues.

The city of Corbett witnessed the elimination of half of its Gordon Creek surface water source, as a result of clear-cutting that followed the ODF regulatory guidelines in place at the time. Arch Cape and Jetty Creek, both coastal watersheds, have also had difficulty negotiating protections with private timber operators who own majority stakes in each of their watersheds.

Ultimately, during the 2020 legislative session, Rep Williams, with input from RWA, introduced HB 2592 in an attempt to get private land owners to negotiate source water protections for water systems. In support of the legislation, RWA testified on several occasions before Representative Ken Helm's Water Resource committee.

But also, unbeknownst to most, at the time HB 2592 was being examined by the water committee, Governor Kate Brown, who was made aware of the ongoing issues between timber operators and conservationists, demanded that timber operators and conservation groups come together and work out a compromise agreeable by both groups.

On October 30, 2021 the unprecedented Oregon Private Timber Accord was agreed upon and is now going before the 2023 Oregon Legislature for final enactment. The new accord now provides source water protections nearly identical to the protections negotiated with Chilton and paid for by RWA.

## **So, here we are in 2022**

Since having to borrow \$175,000 for the source water protection, and since the Oregon Private Timber Accord was agreed upon, RWA maintains that NO Oregon water system should have to pay for source water protections. So, in an effort to get reimbursed for the monies we were forced to pay for protection, RWA has lobbied Congressman Blumenauer, as well as Senators Wyden and Merkley for some funding through the Build America Act.

Unfortunately, it was learned that the Congressional Discretionary Spending CDS (aka Ear Marks) will not allow for repayment of loans or pay for projects already completed. However, the act does allow funding for shovel ready infrastructure improvement projects, so RWA has submitted a CDS request for \$125,000 to install the already scheduled John Lake water main Capital Improvement project.

We should know whether we were awarded the funds sometime after October 2022. But, even if we are not awarded the funds, RWA is also working closely with Sustainable Northwest and the Governor's office to have the \$125,000 included in Governor Browns request for funding through the state Legislative Emergency Board.

So, stay tuned! The funding saga continues.