

Edelweiss Board of Directors Meeting

Date: December 8, 2014

Present: John Kirner (President), Alan Fahnestock (V. Pres), Steve Ralph (Secretary), Jim McDonald (Treasurer), Larry Halford, Josh Jankowski, Will Fohrell.

Absent: Chris Skagen, Bill Craven

Staff Present: Craig Hook and Dick Volckmann

Guests: Carol Tilley, Tom Lasater

Chair: John Kirner

Minutes Recorder: Steve Ralph

1. Minutes of the Last Meeting		Action
<p>Minutes from the last meeting (Oct 6, 2014) were reviewed and approved by voice vote. There is no president's report from this past meeting that needs discussion.</p>	<p>Minutes approved</p>	
2. Treasurer's Report		
<p>Jim McDonald went over his financial report for 2014 with data through December 6th. Copies of this financial report are available by calling Dick Volckmann and Jim can provide you with electronic copies of all invoices approved, checking and saving account balances, and bank statements. Overall, 2014 budget looks good. General fund income was almost exactly as budgeted and total expenses were less than budget. The few noteworthy line items that exceeded our budget include: Legal Services (\$1000 over budget due consultation and opinion letter regarding borrowing funds from our sewer account for pool construction and for advice about a water shut-off policy); Total General Maintenance Expense (about \$600 over budget due to vehicle repairs, tire replacement, and summer fuel costs); and our water system accounts. While much of the expense comes from our water capital savings account, we did transfer about \$53,000 from this account to purchase new software associated with our new water meters, repaired broken piping, and started some of the system upgrades identified in our water system analysis report provided by our Erlandsen Engineering.</p> <p>We significantly under estimated our budgeted expenses in two main areas: Pool Facility Expenses were about \$5,000 under budget and Grading and Lignum expenses were about \$12,000 below budget (indirectly based on the forest fires, both material and contractors were not available to apply lignum until late in the year, so the Board opted to not treat the roads that had not been treated in the summer).</p> <p>Savings Account Balances as of 30 November were: Business Savings = \$60,761.49; Water Fund = \$23,655.11; Sewer Fund = \$187,099.91; Road Fund = \$18,154.25; and Legal Fund = \$3003.84.</p>		

Jim also presented the 2015 budget. The costs of services and dues next year will go up slightly for items such as water supply and garbage/recycling to reflect increases in fees charged to us. Annual community dues will go up 1.7%; Homeowner water rates will be \$25/month and hose bibs will be \$60/year. Garbage and Recycling rates will be \$20/year for camp ground lots, \$75/year for part-time and \$180/year for full-time residences. Increased expenses were budgeted for vehicle mileage expected. This item was raised from \$550 to \$1200 to pay for mileage related for travel to a number of water certification classes required for our managers. Also, we budgeted \$5000 for an audit next year if voted by the members. This may not be necessary as we already do have a CPA handling our financial affairs. Legal Services was also budgeted at \$4000 with \$3000 earmarked to our Legal Savings account as we continue to save money to support our future efforts to revise our CC&R.

On the income side from fees associated with new home construction, we estimated that only one new home will be built next year, but that is speculative at this point. Payroll expenses will be discussed at the exec com meeting (see note below)

Some line item dollars are included for the costs of repair and maintenance of the pool, but this may be absorbed in the costs for construction of the new pool if approved by a vote of the community. Road maintenance expenses have gone up; water system income looks stable; we will have an additional cost for running the water line up to Eagles Nest Road houses. We're still waiting on an estimate for that work from the contractor.

3. General Manager's Report

A one-page report was prepared by **Dick V.** (available upon request).

1. Water Meters - All water meters (72) have been installed that were slated for this year, 16 of which needed new vaults. We'll do ~ 60 installations next summer. We had two contractors working on these installations, which gave us some basis to compare their work.

2. Trenching across West Fawn Creek to run a new water line uphill to serve the Eagles Nest homes. This task is now complete with a new water pipe installed. The job went very well and the cost was as expected. Good job done by Craig on the permits and oversight on the construction. OCEC is cost sharing this excavation to allow their new electrical service line to be installed in the same ditch. They will reimburse us for some of the costs for the excavation work.

3. Water system requirements –The State office of drinking water informed us that they will now require samples from each of our two wells, even though they are only 15 feet from each other and are likely in hydraulic continuity (from the same primary source).

4. Homeowners in arrears on paying their share of community dues and expenses – Some members of our community still have not paid their annual dues and related expenses. These now amount ~ \$9000 for now. Some but checks are coming in for the expense of water meter installations. One homeowner in particular (Destefano) now owes > \$3000. Our attorney has advised us that we have the legal right to turn the water off to his residence until those expenses with fines are paid. The Board will be making

the decision on giving 30 day notice to post on his rental unit in the very near future. This requires a resolution of the Board, and Dick will put together the appropriate language to be acted upon at the next meeting by a voice vote of the Board.

5. Winter Roads Specs – Dick and Craig have prepared a letter that explains the hazardous road conditions within the community, which provides helpful advice to all those driving the roads. This will be distributed to the community members.

4. Old Business

Water System Repairs: Will provided a water system report that highlighted the accomplishments for 2014 and discussed some policy planning issues, priorities and challenges for the upcoming year and their anticipated costs to complete.

1. 2014 Accomplishments - We had some delays with a few projects – because some contractors were not available or did not respond to the bid. We did get some extra system modeling done on baseline conditions of our existing system. The hardware for a new pressure reducing valve was purchased. The repair to one standpipe on Highland Meadows Rd. was completed and the new water main line crossing of W. Fawn Crk. (~ \$11K) was completed. We spent ~ \$15,700 although we budgeted much more.
2. Contractor Policy – Will recommends we develop a new policy and develop selection criteria on how we select contractors and award contracts, including obtaining reliable cost estimates for a given task. Due to the nature of the work, contractors are reluctant to provide a fixed price bid, and usual practice in the valley is to obtain a cost estimate for the planned work. Part of the criteria used to judge the merits of a given contractors work is to see how close the actual cost of the project comes in to their estimated cost. Dick & Craig to draft the policy based on Will's outline. He suggested we develop some evaluation criteria to help in the process of engaging contractors in the future, and to allow us to tract their performance as they are doing particular jobs for us. Dick and Craig will put together a post project appraisal form to consider.
3. Homes with low pressure – approx. 6 homes, especially on Trillium and Heather Rd. still do not have adequate water pressure at the home, although the pressure at the lot line meets the 20 psi requirement. We could replace the reservoir serving these homes but that option if very expensive and impractical. As discussed before, the best solution is installation of a booster pump to relieve the low pressure. The suggestion is to have the home owner purchase an approved pump system & have it installed. Then, we would reimburse him for the cost of the pump system only (he would still pay for all installation & maintenance). Craig has identified a high quality unit that would work fine, is a bit expensive, but it has a low pressure backflow preventer. Cost is about \$2000 each. We do need a policy on this, and the Board agreed to take action on formulating such a policy.

<p>4. <u>Project priorities for next year</u> – Will laid out what they are and listed them on his report. We’ll need to decide which of these we’ll be able to accomplish with available funds next year. The top priority is to complete the full water line uphill from W. Fawn Creek to Eagles Nest Rd. Other priorities are listed in his report which is available upon request.</p> <p>2015 Budget Discussion – Jim discussed this from his excel spreadsheet financial report</p> <p><u>Swimming pool funding mechanism</u> – John had discussions with Okanogan Co Public Works regarding acceptability of us using the drain-field construction fund to provide short-term funding of a new swimming pool. They concurred with the decision to borrow dollars from this trust fund to allow financing of the new pool to prevent any more delay in moving forward with replacing the pool. The drain-field fund will be repaid with interest in 3 years from fees collected from lot owners, if approved by a general vote of the members. Dick has prepared a letter to the membership from the EMC explaining the circumstances for funding the new pool and asking members for their vote on approving the new pool or not.</p> <p>The Board has reviewed the letter that Dick wrote and had a number of suggestions which will be incorporated into the letter. It is imperative that members understand that if they vote NO on the measure and they still want to keep the old pool, it will still cost the community in excess of \$50K - \$80K to make needed repairs to the existing pool. The no-cost alternative is to simply close the pool entirely. This request for a vote will go to the membership in January.</p>	
5. New Business	
No new business	
6. Misc. Including Next Meeting Date	
The next meeting was scheduled for February 2nd at 6 pm, at John Kirner’s home.	
7. Executive Session (if any)	
An executive session was held to discuss the proposed 2015 operating budget which includes increases in staff salaries. The Board voted to approve the budget by a voice vote, which includes an increase of \$1000 in the annual salary of its two staff members.	

by Dick Volckmann
Edelweiss Board Meeting - December 8, 2014

1 - Installation of Water Meters - To date, Craig has installed 70 new iPerl meters and transmitters. 22 installations included setters or re-setters, and 16 services required new coiled meter setter vaults. Invoices have been sent to all recipients of the new meters/vaults with a few still outstanding.

2 - Trenching across West Fawn Creek - Jim Wright finished the trenching and laying of pipe and conduit across West Fawn Creek, on time and on budget. I'm awaiting a breakdown of costs for the trenching so that I can send an invoice to OCEC for their share of the excavation.

We have asked Wright for an estimate to extend a four-inch water line up the hill from the creek to intersect with the water line on Eagles Nest Road. We are waiting for his estimate.

3- Water system requirements - The DOH Office of Drinking Water has decided that our two Cassal wells, SO3 and SO4 (15 feet apart) need to be sampled as two separate entities unless we can establish them as a 'well field'. Accordingly, in November, I took IOC samples from each well as it was running and have submitted them to Anatek Labs for testing. If the analyses are similar, then we'll be able to classify the two well as a well field and henceforth will be able to take just one sample (when required) from the field.

4 - In arrears - Our outstanding receivables total approximately \$9,000, much of which is in the form of water meter installation still owed. (Laurie Juedes owes \$1100.57 and Thomas Destefano owes \$3,027.17, including the cost of his water meter and vault.)

Our attorney, Michael Brady, feels that we have the right to turn off the water to a homeowner's residence if:

- 1- The board passes a resolution stating that water will be turned off if all outstanding debts are not paid to Edelweiss within a reasonable period of time after notice is given.
- 2- The board gives the property owner the opportunity to explain why he/she has not paid the bills or assessments.

\According to Mr. Brady, there is no provision in State Law obligating a utility to provide services to a residence which has not paid for the service.

In the case of Destefano's residence, which currently has a renter, a 30 day notice to the renter will be sufficient.