

Orcas Highlands Homeowner's Association Board Meeting
3/21/2011

Board Members present:

Judy Cook
Bea vonTobel
Jim Hennessey
Denny Carter
Duffy King
Lee Goodwin (by speaker phone)

Guests: Ron Claybourn, Connie Luerkens, Carl Capdeville, Carl Silvernail

Judy called the meeting to order at 7:10 PM. She said that a homeowner on Lindsay Way, Barbara Urshel, had died. Jim said that Mrs. Urshel's caregiver found her this morning next to her running car in her driveway.

Carl was at the meeting to talk about the chlorinator. He gave a handout to all present. Carl said, with regard to the chlorinator and building to house it, that Har Pacific didn't want to do this project, but gave an estimate. A 55 gal tank is a mixed tank for chlorine and water. It would need a meter, either manual or continuous, and we'd need to decide which is more cost effective. Bea asked if we'd still have to do the "testing twice", and Carl responded "yes". As far as costs, the building of it is the best we can establish until the engineering is complete. He said that there is no dedicated supply line for Gilbert's on up the hill and questions if we could afford to install one. An additional cost would be to have a licensed person to run the system. He thinks the engineering estimate is high at about \$4-\$5,000. Even with the meter installed, we'll need someone to check the chlorinator about twice a week. Judy asked how long it would take to get another engineering bid, and Carl estimates about 2 weeks or so, once we get the survey. Carl stated that every 5 years the Health Dept sends someone out to check the water systems. We need a trace of chlorine at all spots in the system. Ron asked if the new system would have the capability to send the info from the chlorinator to a remote location. Carl said yes, that there is a phone line at the location so the info can be sent to a computer at another location. Carl said that at present the chlorine is .4 parts per million. He said that he would get 2 more engineering estimates. Jim asked if \$21,360 is a high estimate? Bea asked if we didn't already have a survey in the past. Carl said "yes we did". Carl Silvernail asked how Otters Lair is connected to this chlorinator situation. Carl said it is not, and that their water comes directly from Washington Water.

Carl also said that he saw Ed Sutton at the grocery store and Ed said that Eastsound Water and Sewer District (ESDWD) was going to pull the pump from the well in the common area. He also asked if anyone knew how much sleeve would be needed in the well to block the intrusion of ground water.

Jim gave a not too brief recount of our relationship with Eastsound Sewer and Water and Washington Water for the benefit of Connie and Ron. "We annexed ourselves to ESWD

in November 2007. ESWD got nowhere in negotiations with Washington Water Service (WWS). The next step could have been that ESWD could have filed for eminent domain. They didn't but may not have because of finances. Then ESWD found out that we had some old wells. Ed Sutton talked with Tom Burg and Tom said that he'd sell water from his well. However, he didn't have the capacity. Then the wells in Tract A of the common area were checked and neither had reasonable water quantity. So they decided to drill for water at the top of Discovery Way and got nothing. Then they tried again in the lower greenbelt and got reasonable quantity but no good quality. Ed then said that ESWD wanted the Highland to pay ESWD's costs back. The OHA/ESWD memorandum of understanding is air tight and we don't have to pay for the well drilling. ESWD had its attorney look at the contract and he agreed, per Rollie Sauer, an ESWD Commissioner. Carl asked if we wouldn't want to explore the costs of "sleeving the well". He also said that he thought that the e-coli was coming from surface water intrusion. Bea mentioned that this "sleeving" could cut down on the quantity of water pumped. Carl Silvernail said that the quality of the water is very important since his well in Otters Lair has a huge mineral content that destroyed his dishwasher, toilets, etc. In his opinion, well water is inferior to lake water. Jim mentioned that during summer months, the quantity would likely go down. Lee said that Steve Deem said that we'd need a treatment plant at the well if we ever intended to use it, and that everyone knows the lake water is excellent. Jim said, "That's about the end of it". Jim asked if OHA could use a well costing about \$90,000, possibly for fire protection. Perhaps the money could come from grants or other sources.

Judy read a letter from Mike Ireland (WWS) dated 3/8/11 stating that new water connections are now available, including in the Highlands. She said that she gave WWS the names of those who wanted water service on 3/11/11. She said that OHA needs to know who gets hookups. Lee said that it is appropriate that we inform OHA water users about this letter from WWS. Carl said that we'd have to inspect any of the new hookups to make sure appropriate meters and lines were installed. Judy said that perhaps we need a water committee to meet with Mike Ireland. Lee mentioned that we have an existing contract dated 2002 called a Water Service Agreement. It lays out how the hookups are handled. Carl asked to see a copy of that agreement. Bea said that we have a hookup fee and a membership fee.

Ron asked if there isn't another way to proceed with the water system than installing a chlorinator, perhaps WWS could do more of the distribution etc. Carl Silvernail said that if we have an archive, we can start there to see how our water relationship developed with WWS. That should answer a lot of questions. Judy said that within the next several months we need to get together and look at all past records. Ron said that he'd be interested in looking at the records too.

Carl Capdeville and Carl Silvernail left at this point.

Judy welcomed the potential new board members, Ron Claybourn and Connie Luerkens.

Judy asked for an approval of the minutes of the last meeting, Bea so moved and Denny seconded. The minutes of 12/22/10 were approved.

FINANCIALS: Denny passed out some documents regarding the financials. He explained that the P & L cuts off mid month, and is a fairly radical rework of what comes out of Quickbooks. Everything that is not Water and Road is separated out. The tip is the operation expenses, the water, then the bottom 2 lines are Roads (\$20,000) expenses. He said that he and Judy got together to see if they couldn't make things consistent with income. Bea and Lee are experts on Water Fee Calculations on a 3 tier system. Washington Water bill comes monthly and we bill users quarterly. We want to go to an accrual system for dues and water payments. Then we can work receivables out of accrual amount. Bea asked "what happens when we get a check". Denny said with an accrual system it will work better. He also suggested that we take the Road Funds out of the budget and treat it as a separate fund as it's not a rolling fund. Lee agrees with this. Denny said that on the P & L for water on lines 38 and 40 we billed about \$8,000 more than we paid for the water. Lee said that we still have to factor in our water expenses, such as Carl, and water testing. Denny said that he believes that water costs and what we take in don't need to be in budget. This would make it easier for recognizing a "bad debt". Lee asked, "How many years does it become a bad debt? Denny said that in business, 90 days late is considered a bad debt. If money is received later it is considered a "recovery". Judy suggested that we use one year as our threshold for our bad debts. Ron asked if we charge interest on past due accounts. Judy said that we have a general guideline and mentioned our accounts receivables letter A and letter B. Using them has lowered our outstanding balances. Ron said that if the bad debt accounts impact everyone, then the membership needs to know. He also asked if we have contact information for all property owners. Jim said we do.

Judy said that we lost a check from the mailbox area. She said that there is not problem with having 2 signatures on a check but that it was time consuming. She then talked about electronic banking. Denny said that we could have several people with access to the OHA checking account, and that the account would be password protected. Denny said that he would research the possibility of setting up such an account. Ron said that with electronic banking we could have electronic payments and electronic billing.

Denny said that Ann, the bookkeeper, has only been through one billing cycle and she said that she works on our stuff about 15 hours per month. If this is true, then we are way over budget with her fees. Judy said that Ann had to put a lot of time into transitioning the books. Lee mentioned that we had Ann do a lot of stuff in the last 3 months that are unusual activities. Judy said that Ann is fast and efficient and everything is "ship shape".

Judy asked if we could get someone to fold and mail out bills as we are paying bookkeeping rates for this now.

ROADS: Bea said that she is trying to communicate with Russ Harvey to see if he would be interested in partial reconstruction of Highlands Drive, but has not yet had a response from him. She is waiting to see how he proposes to do the work. She said that we only

have the money for construction and chip seal. Lee suggested that we have all of the road work done at the same time. Bea said that we have extensive work in from Carlson's home inward and also at the turn onto Colorado Blvd. The outer portion of Lindsay has no culvert and no ditch. She said that we need to see how much we want to spend on roads this year. She anticipates about \$35,000. Denny mentioned that we have 3 more billing periods prior, so we may have an additional \$30,000 for an annual budget. Bea said that the past work on Discovery Way was very expensive. Judy asked if we ever got the bill for the culvert work on Discovery. She will ask Ann to see. Lee said that we should get an itemized bill showing who got culverts. Bea said that she will check with John Thompson to see who got the culverts.

ACCOUNTS RECEIVABLE: Judy sent an email to the Board members prior to this meeting with the list of past due accounts. We are to \$14,000 outstanding, and we just got \$700 more. Lee suggested that we meet with those who are behind in payments. Judy mentioned that she has used the services of an attorney 2 times. She also said that we can legally turn off water unless a formal dispute has been filed. The attorney sent a letter to Berg for the back amount of about \$1,500. The attorney advised against our filing a lien foreclosure on Berg as it is a very expensive process. A simple foreclosure is very cheap. Judy said that she was ready to file a lien against Turner and then got payment for more than half amount owed.

OTHER BUSINESS: There is a disputed charge on Rollie's account of \$13.67. Bea moved that we forgive it as uncollectible. Seconded by Denny. Lee said that "the water was under the bridge".

Mail boxes. Judy suggested that we look into having a secure box for pickup at the mailbox location. Connie said that the post office used to purchase such boxes for outgoing mail, but no longer does. Judy asked Connie to see if it is possible to purchase one.

Annual Meeting Date. Judy said it is usually on Sat. possible the 4th or 18th. Jim suggested that the 4th was better as weddings are common later in the month.

Next Year Officers. Denny will be treasurer, Duffy will be secretary, that leaves Vice President. Jim said that he is leaving the board.

Firewise Cleanup. Judy said she likes to have the cleanup in June while we can still burn. Tentatively set to June 25th.

Liability Insurance. Jim said that we do as board members have liability insurance.

Judy thanked Jim for serving on the board. Jim said that he'll continue doing the map for us.

Judy adjourned the meeting.