

# Shangri-La Shores, Inc. (SLS) Regular Board meeting

Meeting minutes for the Board of Trustees Meeting

on

February 1, 2024 at 6:00pm

In Person and via Zoom

**Board Members Present:** Billie Alcott, Beth Binger, Lois Craig, Brian Pulk, Duane Smith, and Ron Roberts

**Also present:** Tom Alcott, Steve Hucik,

Lois Craig called the meeting to order at 4:00pm.

## 1) Approval of Minutes: September 18, 2023

Motion for approval of September 18, 2023 meeting minutes provided by Billie

Motion seconded by Duane.

All in favor.

**Motion carried.**

## 2) Treasurer's Report

- **Accounts Receivable Status**

Brian Pulk reported that King is “incompetent” specifically citing the payment history reports in a timely manner. Ron Roberts suggested hiring a different company. Lois reported our options are limited and although they serve multiple water systems, our contract with King ends in July of this year. We can assess their service and determine the next path.

Tom Alcott suggested procedural changes to SLS' relationship with King. He recommended that we meet in person with King. Lois also suggested that we see a draft of the documents before King sends them to homeowners.

Currently, King is handling water and accounting. Brian Pulk suggested moving the accounting services from King and combining with a service to handle the Treasurer functions. Billie and Lois have made some preliminary inquiries about services and costs to hire an accountant for SLS. These will be reported at the next meeting.

Tom Alcott suggested developing a Scope of work for each: 1) accounting, and 2) water.

- Brian Pulk will develop the scope of work for the accounting functions.
- Duane Smith will develop the scope of work for the water program.

Once these documents are developed, they will meet in person with King.

- **Financial Report**

Brin shared the finances that he had on hand for this meeting. He was still waiting for King reports in order to close out 2023, so we can file the 2023 taxes, get 2024 up to date, and plan the 2025 budget. The past due accounts are clearly listed. The annual dues assessments will be due March 5<sup>th</sup> since the new King Water owners needed a bit more time to send out accurate mailings:

CA Operating Fund: \$16,327

WS Operating Fund: \$18,086

CA Long-Term Reserve: \$62,497

WS Long-Term Reserve: \$107,611

Lois Craig asked about long-term reserves, and if those funds are being kept in CDs. Some funds are.

We also need to do a review of the long-term reserves which are looked at more closely every three years. This state requirement asks HOAs to project the costs related to maintenance and repair over the life of our assets. The projects include common area assets as well as the water system and components. Our goal is to keep \$50,000 in long-term reserves and continue to build funds to cover expenses. These projections (best estimates based on costs plus inflation) will be shared at the annual meeting.

Steve Hucik notes that our risk assessment will change with the new well, which will affect insurance costs, etc. Brian reported the new well has been added to the water system insurance policy. Brian's name is still on the financial accounts and Billie Alcott, Duane Smith, and Lois Craig's names have been added.

## 4) Water System Report

- **Water System Reports**

Duane Smith reported the current water system is in good working order at this time.

Tom Alcott reported a loss of 11 percent versus the water meter readings for 2022 in the Annual "Water Use Efficiency Report required by the state. (This report uses the 2021 data). The next annual water report will come in June and use the data from 2023. Steve Hucik asked if the data collected through this time period of water production versus water usage revealed any spikes that may have resulted in these results.

Currently, the customer meters are read quarterly, while the production meter is read twice per year. Tom Alcott suggested that since we have a customer meter value each quarter and the production meter value each month, we may be able to make a rough estimate of loss each quarter. While the state requires small water systems to have a small management activity (SMA) company such as King, it is our responsibility to stay up on the requirements for our water system. We need to gather information and meet with King in-person to make sure the records and operations are in order.

Another question: Currently the pump house is not insulated. It only has a space heater. Billie Alcott suggests that we insulate the pump house. Duane Smith will assess what's needed to insulate the pump house and report back - suggestions include heat tape, and foam.

- **Second Well Update**

Lois Craig reported that AquaTech drilled the hole for the second well in October 2023. They drilled 298 feet down. She also reported an extra cost to divert the state required 24 hour pumped water. Using the Aquatech generator and pump, the required pumping was completed with the run-off diverted to the Race Road ditch rather than running down the road and eroding Woods Lane. On November 2, 2023 the well was capped. A sample of the water was sent to the state for testing and analysis. It was also noted that the new well house needs a hinged roof for access by the drilling company if necessary.

For the new well, the state requires the small water system to hire consultants. Our consultants consist of:

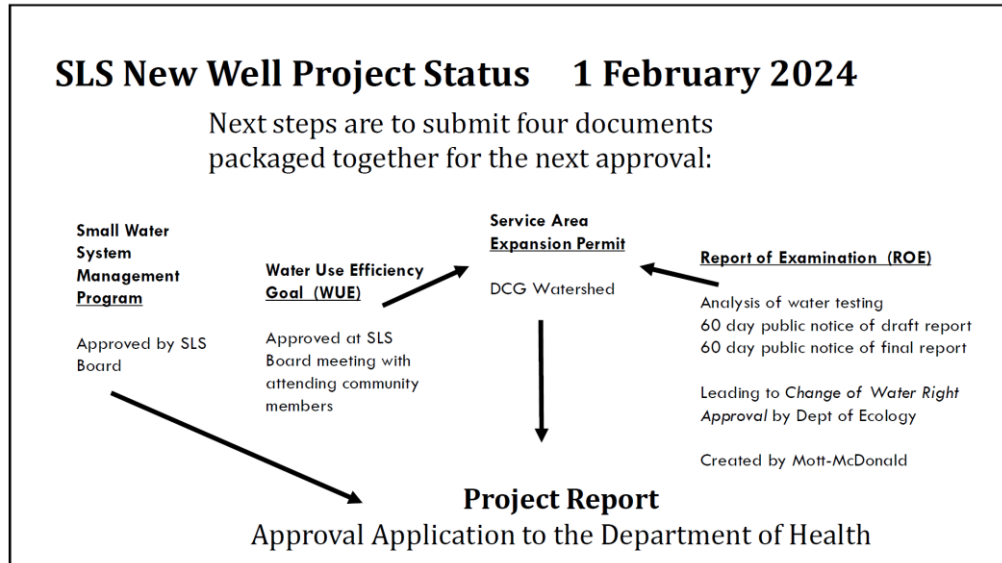
- Mott-McDonald (the hydrogeologist consultants to bring the scientific knowledge related to aquifers, testing, analysis and related water topics)
- DCG Watershed (the engineers helping us navigate the physical layouts, easement, location of well, piping and distribution, electrical, and mechanical drawings required)

**An overview of the next steps:** The next four documents that need to be completed to move the new well project forward are:

- 1) Small water system management program
- 2) Water use efficiency goal
- 3) Report of examination – The hydrogeologist's report will be posted for 60 days on the state's website, then public notice will be made available for another 60 days.
- 4) Service area expansion report

Once these conditions are met, our approval application can be sent to the Department of Health to seek a permit for the new well. The construction documents also need to go through an approval process.

See Lois' slide:



Lois Craig explained that the new well plus the expanded service area triggers a closer review of our water system by the State Department of Health and State Department of Ecology, so every step of the process is scrutinized for completeness. Two documents are the consultants’ responsibility to complete and submit and two documents are the Board’s responsibility:

**1) Water Use Efficiency Goal:** One aspect that is required to gain approval of the new well project is the Water Use Efficiency Goal (WUE). It is required by the Department of Health-Office of Drinking Water every 6 years and is designed to promote conservation and help small water systems operate efficiently with respect to water and power.

The State-provided model to be considered for approval: *1 – 3 percent reduction in our water system total amount average consumption per metered service customer over the next 6 years (measured by the total water used divided by the total meters.)*

She explained that reduction comes from both loss and use. We would continue to remind our community of the need to conserve water and provide tips throughout the year to help us reach our WUE goal. Discussion included the importance of using water efficiently to save water, ensure value of water in both quality and quantity, and importance of ensuring water availability for future generations.

Lois Craig calls for a motion to approve the proposed Water Efficiency Goal. Duane Smith proposed. Billie Alcott seconded. **Motion carried.**

**2) The Small Water Systems Management Program (SWSPM)** will need to be completed by the Board. WA State Department of Health-Office of Drinking Water expects each system to develop a living document to govern current and

future water system needs for continued reliable system operations. Each SWSMP document has three *main* sections:

1) Managerial

**SLS New Well Project Status 1 February 2024**

**Small Water Systems Management Program**

**Managerial:**

- Mission Statement
- Statement of Adoption
- Management Structure and the Governing Board Purpose
- Service Area and Facilities Map
- Service Policies
- Cross-Connection Control Program
- Source Water Protection Program
- Emergency Response Plan
- Next Steps to Improve Managerial Capacity
  - Periodic Review of Water System Policies

2) Technical

**SLS New Well Project Status 1 February 2024**

**Small Water Systems Management Program**

**Technical**

- Certified Operator
- Operations and Maintenance Program
- Water Quality Monitoring Program
- Component Inventory and Assessment
- Water Rights Self-Assessment
- Water Production
- Current Water Consumption
- ✓ Future Water Consumption
- Water Use Efficiency Program
- Next Steps to Improve Technical Capacity

3) Financial

**SLS New Well Project Status 1 February 2024**

**Small Water Systems Management Program**

**Financial**

- Short-Lived Asset Replacement and Other Planned Improvements
- Long-Lived Asset Replacement
- Six-Year Budget
- Water Rates
- Next Steps to Improve Financial Capacity

Other requirements include:

**SLS New Well Project Status 1 February 2024**

**Small Water Systems Management Program**

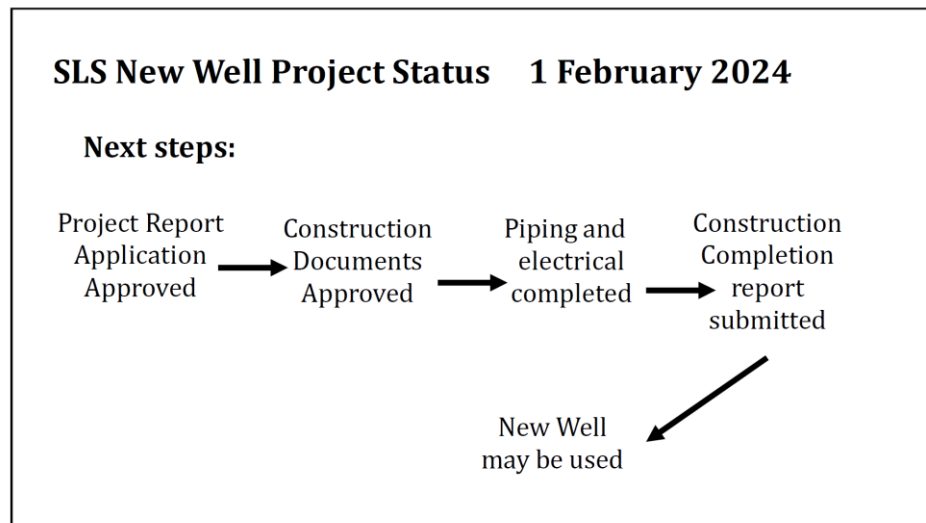
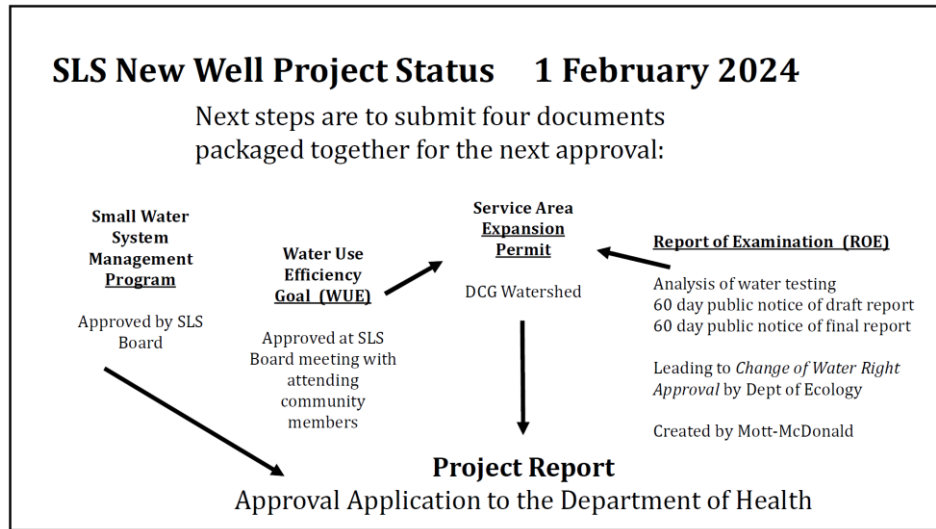
**Other**

- Records Management
- Water Facilities Inventory Form
- ✓ Annual Operating Permit
- Consumer Confidence Report (Optional)
- Other System Records (Optional)

Lois Craig proposed assembling a small group to put together the 85+ pages required to submit for approval. The group will consist of Lois Craig, Tom Alcott, Duane Smith and Ron Roberts.

Tom Alcott recommends we handle the Managerial and Financial sections, but we will need to work with King for the Technical aspects.

Lois Craig again reviewed the next four documents necessary to move the new well project forward:



Steve Hucik asked how we will use our two (2) wells. Tom Alcott suggested mixing the water from both wells to achieve optimal water quality. He reported that the new well will have high (naturally occurring) arsenic levels. The construction documents will reflect how each well will be used. Discussion ensued about the arsenic issue and meeting participants agreed this would best be addressed now in the construction design.

Lois Craig and Tom Alcott shared financial slides regarding the well. The estimated cost is \$265K. The cost to date is \$112,853.02. The project contingency was \$40K, and is now down to \$6K. The well is on track for the current overall cost estimate.

Below is the overall schedule:

## **SLS New Well Project Status    1 February 2024**

- **Schedule Summary:**

Project Year 1, 10/21 – 09/22 (Completed)

- Objectives: Site Selection & County Approval of Well Site
- County Well Site Inspection Approved

Project Year 2, 10/22 – 09/23 (In-Progress)

- Objectives: Initiate Water Right Approval Process & Construct the Well

Project Year 3, 10/23 - 09/24

- Objectives: Complete Water Right Approval Process & Obtain Approval from the State & County to Integrate Well into SLS Class A Water System

Project Year 4, 9/24 – 9/25 *Estimate based on current project requirements*

- Objectives: Obtain approval from Dept of Health and Dept of Ecology for final well certificate of usage

Lois Craig also shared that a community member inquired about the possibility of purchasing and installing a generator at the new well in case of power outages. The suggestion was to have a small gas-powered generator with 20 gallons of non-alcohol gasoline with clear instructions in the pumphouse for connecting to the pump.

Lois Craig explained that our system is gravity fed via a 79,000-gallon reservoir. If the power goes out, here is the estimate of usage capacity:

Average daily water usage throughout the year is about 4,000 gallons. If we reduce that to 50% usage, our water can last for about 40 days. During highest usage, the supply lasts about 10 days without power, in the winter months about 21 days.

Lois and Tom recommend wiring the new pumphouse with the capacity to hook up a generator in the future. The board members agreed and decided to add the option of wiring for a generator plug-in.

## **5) Dock & Common Area Report**

- **Status of Common Area Assets**

Ron noted that the float was brought up successfully with the new mechanism. Pictures were shown bringing the float to the boat launch ramp and secured.

- **Erosion of the Park by Quads**

Ron Roberts reported needing another month to review the common area path around the gate, as he has not been at community in a while.

## **6) New & Old Business**



- **Board Vacancies**

Lois has asked different members to become a member of the Board, but no one has agreed at this time. Each notice to the community continues to contain an invitation to join the Board.

- **Other**

Lois Craig reported that the Department of Fish & Wildlife would like to use our dock area for a research study on marine life around small piers and docks. The Department of Fish and Wildlife have studied large docks but would like to see how algae and fish use smaller docks as shelter and feeding options. They would spend a couple hours for a couple days at our site and park above the play area during their research. All board members agreed to grant permission.

**Next Regular Board Meetings:**

The upcoming board meeting dates are:

- Thursday, March 14, 2024. Time to be determined and if in person, Zoom, or both.
- Annual Meeting: Saturday, May 18, 2024, 9-11am via Zoom and in person at the Coupeville Library

Ron Roberts moved to adjourn the meeting. Duane Smith seconded. All in favor. **Motion carried.**

The meeting was adjourned at 8:00 pm.

Secretary

Beth Binger

On behalf of the SLS Board of Trustees