

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

Meeting minutes for the Board of Trustees Meeting

on

May 18, 2024 at 9:00 am

In Person and via Zoom

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

Community Members Present: Steve Visintainer, Penny McDonald, Eric MacDonald, Carol Green, Cassidy Jones, James Rudolph, Mark and Tammy Ramaley, Greg and Tamy Hagle, Raquel Nollan, Les and Dianne Dodge, John and Stephanie Hucik, Tom Alcott

Community Members Online: Russ and Kelly Cunningham, Kristi Ingram, Matt and Sheeny Levensgood

1) Welcome and Purpose of Annual Meeting

Lois Craig called the meeting to order at 9:06 am and welcomed all to the SLS annual meeting. A few technological glitches in the new fire station required some extra time. Introductions were made around the room, including board members.

2) Approval of 2023 Annual Meeting Minutes

Motion for approval of May 20, 2023 annual meeting minutes provided by Ron Roberts.

Motion seconded by Billie Alcott. All in favor. **Motion carried.**

3) Recap of Events from 2023

Lois Craig reviewed several key events from 2023, including:

- The First Annual Crab Derby in July. This year's event will be July 20, 2024.
- The float winch was installed successfully.
- The new well was drilled and capped in November, 2023.

4) Treasurer's Report

- **2023 Results**

Brian Pulk shared that the end-of-year totals for the accounts were:

Common Area Operating Fund: \$16,459

Water System Operating Fund: \$16,569

Common Area long-term reserve: \$62,739

Water System long-term reserve: \$112,744

The long-term reserves include money market, treasury bills, and Vanguard.

- **Current Finances**

As of May 2, 2024, our Accounts Receivable total is \$4,872.12 past due.

- **Proposed 2025 Budget and Approval**

Brian Pulk shared several files and slides, explaining how we arrived at the 2025 budget:

FILE A: OPERATING FUND EXPENSES 2023: Operating expenses for 2023 Common Area were about \$1,400 over budget. The driver for this was the unplanned addition of a winch for installing and removing the float. This winch saves us from having to use a personal vehicle, which has resulted in damage in the past. Also, the sand and gravel were replenished at the boat launch.

The Water System operating expenses were about \$1,400 under budget. Primarily because in the year 2023, the required repairs and maintenance of the water system were well under budget.

FILE B: STATEMENT OF REVENUE AND EXPENSES 2023: Revenues from assessments came about \$5,000 below plan. This is due to a few delinquent assessments. These past due accounts are accruing late fees and may become subject to liens on the properties. Operating expenses are discussed in FILE A. There were no expenses from the Common Area Long Term Reserve. The Water System Long Term Reserve funded \$73,929 for planned expenses on the new well project. Both Long Term Reserve funds had good returns on the Vanguard CD's, about \$3,500.

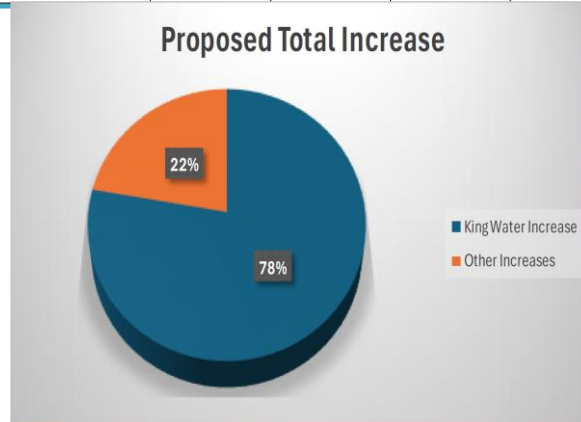
FILE C: COMMON AREA BUDGET: The proposed budget for 2025 includes \$13,300 for Operating Expenses and \$3,349 for Long-Term Reserve. These increases are due to King Water's fees, incremental across-the-board operating cost increases and the planned increase for Long-Term Reserve.

The resulting annual Common Area assessment is \$235 up from \$200 in 2024, an increase of \$35.

FILE D: WATER SYSTEM BUDGET: Similar to the Common Area, King Water's fees, and incremental across-the-board cost increases result in the operating budget proposed to increase to \$15,520. The planned Long-Term Reserve assessment increase is to \$18,977.

The resulting annual Water System assessment is \$460 up from \$376 in 2024. An increase of \$84.

	2023 Actuals	2024 Budget	2025 Proposed Budget	2024 to 2025 Increase
King Water Expenses	5762	5650	11400	5750
Common Area Operating	12550	11300	13300	2000
Water System Operating	9500	10120	15520	5400
Common Area Plus Water System	22050	21420	28820	7400



The combined 2025 Common Area and Water System proposed annual assessments is \$695, up from \$576 per year. A \$119 increase.

Here is how is the annual dues payment of \$695 is disbursed over the four accounts (rounded to the nearest percentage point):

Common Area Operating Fund: 79% of \$235 is \$185.65

Common Area Long-Term Reserve Fund: 21% of \$235 is \$49.35

Water System Operating Fund: 45% of \$460 is \$207

Water System Long-Term Reserve Fund: 55% of \$460 is \$253

The monthly averages for the common area expenses are \$19.59. This covers maintenance and repair of the pier and float, park, picnic area, tracts, as well as insurance. It also includes long-term planning for future costs.

The monthly averages for the water system expenses are \$38.34.

This covers water usage, maintenance and repair of the water system, as well as insurance. It also includes long-term planning for future costs.

Attendees discussed the proposed budget. Christie Ingram asked about a discrepancy on the initial proposed budget and what was presented today. Brian replied the initial proposed budget was based on previous costs from King Water and after we sent out the information to be reviewed before the annual meeting, King Water sent us their new rates with a substantial increase in the costs for their services budget. James asked if the \$700 assessment for the well was an extra assessment. Brian also explained it is the last of the

3-year special \$700 assessment to help fund the new well. The final billing for this special assessment should be mailed at the end of June.

Duane Smith moved to approve the 2025 budget. Eric MacDonald seconded the motion. All in favor. **Motion carried.**

- **Long-Term Reserves Three Year Plan**

Brian Pulk acknowledged Les Dodge's work on the long-term reserves, and offered to send the full spreadsheet to anyone interested.

He shared that the State of Washington requires every HOA to develop plans for 30 years and an HOA our size needs to revisit the plan every three years. Keeping with our practice of updating the Long-Term Reserve (LTR) Plan every three years, an update was completed for 2025 and beyond. Changes to expenses to date and updates to planned expenses were incorporated. These are estimates based on current information.

The plan calls for the Common Area LTR assessment to increase by 7.5% each year and the Water System by 3.8% each year.

The Long-Term Reserve accounts remain well funded although the Common Area fund is about \$6,000 under target, due to expenses in 2022. Some planned Common Area expenses are coming up over the next couple of years, including the replacement of picnic tables and swing set. The Water System LTR account is about \$36,000 over target. (See File C). This is because the New Well Project is progressing slower than originally planned and some expenses will spill into 2025.

The main activity for the Water System is the new well installation. This cost was estimated to be about \$241,000 spread over 3 years. Project expenses at the end of 2023 were \$73,929. We anticipate significant expenses in 2024 and 2025. For three years, 2022, 2023 and 2024, there were assessments of \$700 per Water Share, each year.

Overall, the well cost is in line with our well projections.

- **Discussion related to hiring a bookkeeping/accounting service**

Brian Pulk discussed the possibility of hiring an accounting firm to take some of the Treasurer's duties in the future, because King Water is not doing the job. He noted that King's core competency is not bookkeeping and collections; it is water service management.

Lois Craig and Billie Alcott reported a quote for bookkeeping/accounting service at \$150/hr. Ron Roberts noted he would like to hire a bookkeeper if no one volunteers to be the treasurer when Brian's term is completed in June of 2025. . Lois Craig stated she will seek more quotes.

4) Vice President Report

- **Architectural Committee**

Billie Alcott shared that the Architectural committee looked at a new garage construction and a remodel at this time. All projects are within the criteria of below 15 feet high, and five feet from any lot lines.

- **Operating Procedures Manual Update**

Billie Alcott is also updating the policies & procedures for the HOA into a single 80-page document. It will be updated and posted on the SLS website. She also noted that we are in the process of updating the web page, and Eric McDonald offered to assist with the website.

5) Water System Report

- **Update on current water system – compliance and regulations**

Tom Alcott shared that King Water, our state required Satellite Management Agency (SMA), was acquired by NW Natural Water (based in Oregon) in January 2024. The transition has been rough.

In February 2024, King adjusted and replaced a vent for the wellhead as required by the Sanitary Survey conducted June 2023.

Our 2023 Annual Operating Permit is valid through August 31, 2024. Status is Green (substantially in compliance)

Compliance issues include:

- *Lead and Copper Testing*
Samples will need to be taken within five (5) different homes. This will be completed in June.
- *Lead Service Line Inventory*
This is a new requirement from the State of WA, which needs to be completed before October. We will complete this inventory in-house. Ron Roberts asked about the testing limit. Tom Alcott confirmed the testing will be done from a house to the well.
- *Sanitary Survey*
We are out of compliance due to King Water needing to send in requirements. Per the State of WA, Dept of Health, the next Sanitary Survey will be completed in 2028.

Other required reports include:

- *Monthly coliform testing* - All satisfactory.
- *Consumer Confidence Report* - Sent to DOH and all customers will receive a copy as soon as the CCR is available. Hopefully by 07/01.
- *Water Use Efficiency Report* - Sent to DOH and all customers 07/01. Estimated water losses averaged 3 years. The HOA has now set a water efficiency goal and will address the State's new requirements.

- *Nitrate Testing* – Must be completed every year, and is due in October 2024.

Safety Issues

Tom Alcott acknowledged Michael Roberts for replacing the rusted hatch cover on the old well, completing repairs on the pump house, and cleaning the area around the outside of the pump house.

Reservoir Flushing and Cleaning:

This is part of regular maintenance for the water system and must be completed every two years. It was completed May 14. SLS also purchased 100 feet of 4” plastic lay flat discharge hose to prevent drain water from eroding Woods Lane. Tom Alcott and Lois Craig reported that the inside of the reservoir looked pristine.

Jim asked about the 80-thousand-gallon tank SLS uses, when we use 3-7 thousand gallons weekly. Lois Craig reported that we have 7-20 days of water available if the pump fails depending on the time of year and the water usage.

Cross-Connection Management Requirements:

SLS needs to identify properties with lawn irrigation or hot tubs to meet with Cross-Connection requirements. Hot tubs (with an auto fill) and irrigation systems must have back flow to prevent cross contamination.

- **Water System communication email:** slswatersystem@gmail.com

Tom Alcott reported that the state requires all water system owners to track issues, complaints, and/or problems. Using a common communication tool helps SLS follow King invoices for services provided. Tom asked that residents use the email slswatersystem@gmail.com if they have problems or questions related to the water system.

Jim asked about high water pressure. Tom Alcott reported that SLS has a water pressure testing gauge and if anyone is interested, please send an email to slswatersystem@gmail.com . Water pressure should be 40-60 psi.

- **Create a Water System Committee**

Tom Alcott reported that we are looking for community volunteers to support the management and guidance for the SLS Water System. He asks the board to assist, and Duane Smith volunteered.

- **Water Conservation Reminder**

Tom Alcott reminded attendees that our water supply is not limitless, and Whidbey Island shares an aquifer. He asked residents to conserve whenever possible.

Tom Alcott noted that the State grants water rights, and we have more in that grant that we could ever use. Ron Roberts emphasized that we need assistance for water conservation.

- **Update on New Well**

Tom Alcott reported that Mott-MacDonald completed the Hydrogeologic Report. They found that it was an adequate source to meet SLS needs. The arsenic levels exceed MCL, all other water quality tests were met. The report was submitted to WA DOE April 12, 2024.

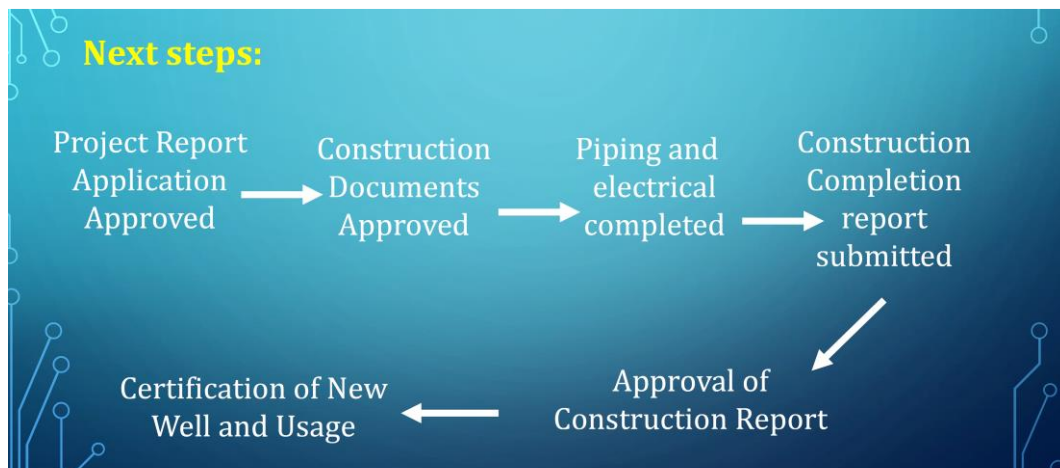
Tom Alcott also reported on the DOH Water System Review Application for Service Area Expansion (SWSMP), which is required due to our expansion.

- DOH acknowledged receipt of SWSMP Amendment #24-0204. Response within 90 days
- Dept of Ecology completed review April 2024 – no issues reported
- IC Planning & Community Development notified us our application was complete March 28
- SLS returned Notarized Affidavit of Posting Notice Sign for Land Use Application April 2024

Current and potential issues may include:

- SLS needs to develop a Water System Program in accordance with WAC 246-290-105. Tom Alcott is developing an 80-page draft. The water committee will complete the final draft before Board approval and submission. He noted that the DOH will be concerned about lot sizes and splits.
- Arsenic Level in new well above MCL by .0006mg/L. This can be mitigated by mixing well 1 and 2 inputs.

Tom Alcott reported on next steps for the new well:



Tom Alcott also reported on the cost of the new well. Our current estimated cost is \$249K, the with the original estimate at the start of the project being \$245K. We are still on track with our current overall cost estimate. Our cost to date is \$142,912. Tom shared the following spreadsheet:

DATE	OTHER EXPENSE	OTHER \$	WA DOE	MMD (PGG)	FACET	TOTAL
12/5/23			\$ 270.00			\$ 270.00
12/17/23					\$ 1,027.50	\$ 1,027.50
12/22/23				\$ 5,932.77		\$ 5,932.77
12/28/23					\$ 730.00	\$ 730.00
1/15/24				\$ 2,892.50		\$ 2,892.50
1/16/24					\$ 527.50	\$ 527.50
2/20/24					\$ 4,741.50	\$ 4,741.50
2/22/24					\$ 4,837.80	\$ 4,837.80
2/28/24				\$ 8,864.50		\$ 8,864.50
3/22/24					\$ 4,081.20	\$ 4,081.20
3/25/24					\$ 3,285.50	\$ 3,285.50
3/31/24				\$ 3,317.50		\$ 3,317.50
4/12/24				\$ 895.00		\$ 895.00
4/16/24	Replenishment of Banking Checks	\$ 35.86				\$ 35.86
						\$ -
TOTALS		\$ 66,364.29	\$ 7,020.00	\$ 35,021.02	\$ 34,506.57	\$ 142,911.88
		Invoiced to date:	\$ 945.00			
			\$ 6,075.00	\$ 33,887.27		

Tom Alcott also shared the following Schedule Summary:

- ✓ Project Year 1, 10/21 – 09/22 (Completed)
 - Objectives: Site Selection & County Approval of Well Site
- ✓ Project Year 2, 10/22 – 09/23 (Completed)
 - Objectives: Initiate Water Right Approval Process & Dig/Test the Well
- Project Year 3, 10/23 - 09/24 (In-Progress)
 - Objectives: Complete Hydrogeologic Report, Service Area Expansion, Project Report, Report of Examination & Water Right Approval Process
- Project Year 4, 10/24 – 09/25
 - Objectives: Complete Construction, Integration of the New Well, and Construction Report, and Obtain Source Approval from the State & County to Integrate Well into SLS Class A Water System

6) HOA Common Asset Coordinator Report

- **Status of Dock and Common Area**

Ron Roberts reported that float was installed Sunday, May 12 and the winch worked smoothly. He thanked Jerry Jaderholm, James Rudolph, Edyfinn Tausen, Fred Trompler, Brent and Michael Roberts.

Ron Roberts also reported that the picnic table and bench repair is in progress. Benches have been sanded and varnished.

He also reported that a pathway around the boat launch gate was completed on Friday, May 17. The side pathway is designed to accommodate small vehicles (quads) for those needing easier access to the boat launch area. He reminded drivers to go slowly.

7) Old & New Business

- **Dept of Fish and Wildlife Research Study**

The Dept. of Fish and Wildlife is doing a research study at SLS on how small moorage areas affect marine life.

- **Other**

Lois Craig reported on the Tansy Ragwort weed, and how to get rid of it. She shared the following informational PDF: https://www.nwcb.wa.gov/images/weeds/Tansy-Ragwort_Island.pdf

8) Election of Board Members

- **Three Positions Open**

It was clarified that the membership elects the board members, and the board members elect the officers. Board members serve two-year terms.

Brian Pulk asked for a motion to accept Board candidates Billie Alcott, Beth Binger, Lois Craig to serve two year terms. Duane Smith moved and Penny McDonald seconded. All in favor. **Motion carried.**

Steve Hucik volunteered to be on the Board in February to fill the vacancy created in September. The Board voted to approve this Board Appointment. Steve Will complete the two-year term which will be complete in June of 2025.

Lois Craig reminded the meeting group that SLS depends on the work of volunteers. While it is difficult to acknowledge all the amazing work of community members, she wanted to publicly thank:

Elise Smith for maintaining the entry landscaping
Faye Magnusson for managing the Book Barn
Eric MacDonald for supplying the fire pit wood
Edyfinn Tausen for setting up the Crab Derby
Dave Heron for monitoring the noxious weeds in our community
Carol Green for annually sanding and staining the picnic tables and benches
The float crew for installing and removing the float
Steve Hucik for filling in the 7-month Board vacancy
Board Members for giving generously of their time and skills
Duane Smith for years of being the water system contact
Tom Alcott for investing thousands of hours to move the new well project forward.

Lois called for the meeting to adjourn at 10:50 am. Billie Alcott agreed. Eric MacDonald seconded. **Motion carried.** The meeting was adjourned at 10:51 am.

Secretary

Beth Binger

On behalf of the SLS Board of Trustees