

**Canterwood Division 12 STEP Association
Annual Informational Zoom Meeting
Minutes
November 4, 2021**

Meeting Called to Order at 5:04 PM

Board Members participating: Lynn Singleton, Randy Young, Megan Amherst, Rick Meeder, and Frank Addison

Diamond Community Management participating: Carol Burton and Lisa Dillon.

Owners participating: Larry Fleming; Dan, and Paula Riley; Scott Lane; and John Voris.

Lynn Singleton opened the meeting by introducing the Board Members, Diamond Community Management, and the community members. He thanked everyone for their participation in today's meeting, the efforts in putting together the annual meeting documents, and the efforts throughout the past year. Special thanks were made to Carol Burton and Lisa Dillon for their ongoing support and Frank Addison and Randy Young, both retiring board members, for their service. Community members Scott Lane and Chad Scialabba were also noted for their willingness to be considered for the STEP Board.

Lynn reviewed the annual informational meeting format and explained that the mail-in ballots can meet the Washington State annual meeting requirement for Associations. The ballots are due on November 12 at 5:00 PM, and 33 households were submitted as of the November 4th Informational Meeting. As such, the participation quorum of 24 homeowners has been met. The Board will announce the ballot results and provide the draft meeting minutes to the community in mid-December before the mandated 60-day response.

2020 Draft Annual Meeting Minutes—no questions or comments, and acceptance will be determined through the mailed ballots.

Recap 2021 Accomplishments

Lynn presented the many things we accomplished in 2021.

- We had no monthly dues increase. Sewage treatment fees from Gig Harbor make up over 80% of our annual budget, and therefore those increases have the greatest impact on the budget. Savings in other areas like liability insurance premiums have helped keep our dues low despite increases from the city.
- We obtained and installed a new flow meter with the data logger. Seametrics gave us a \$2600 flow meter for participating in their beta test program. We now are implementing flow-based chlorination, so the amount of chlorine added to the system is dependent on sewage flow rates. We expect to use less chlorine, save money as a

help and a recommendation from Diamond Community Management, we found a company that understood our needs, doubled our insurance coverage and cut the cost in half.

Regarding the Gig Harbor surcharge for sewage treatment, Randy explained that it is a common practice allowed by Washington State Law, widely used by many cities, could cover all city-provided utilities and must be uniformly applied to all users falling outside of the city boundaries. The Gig Harbor surcharge for wastewater treatment is in keeping with their right under Washington law, and a change to the practice would be a challenging statewide issue.

Reserve Account

The Reserve Account is our "piggy bank" that is present to avoid special assessments when major equipment assets need to be repaired/replaced. Need and funding levels are determined by a Reserve Study that considers system assets, the useful life of each, estimated replacement costs, and inflation. It is based on a 2019 Study. The study will be revised in 2024.

We did not actively increase our reserves through resident contributions, but we did earn \$136 from interest on FDIC-insured CDs. The reserve account started the year with \$76,772 and finished at \$73,201. Flowmeter plumbing changes and needed equipment upgrades to allow for flow-paced dosing amounted to \$3707 in costs. There are no homeowner contributions to reserves included in the 2022 budget.

Our calculated Reserve Account funding level is still healthy at 79%. This estimated metric decreased from last year because of inflation additions and additional depreciated values. STEP complies with Washington State reserve study and reporting requirements.

2022 Priorities

Four priorities were discussed.

- The new flow meter will allow the analysis of flow patterns to evaluate seasonality and system leaks. John Voris asked about the impacts from residents who leave for warmer climates. That variability was acknowledged, and we plan on learning more about our general seasonal flow patterns.
- Our terminal flow meter, used by the City of Gig Harbor to determine the bimonthly billable flows, is nearing the time when the non-replaceable battery will run out. The ten-year battery is projected to fail in 2023, but research and precoordination are required for the needed replacement. Before the failure, we must contact the city to identify an acceptable replacement meter, understand the city coordination requirements, source the meter, and determine installation requirements. The goal is to replace the meter with one of the exact same physical size to avoid any plumbing modifications. Our service contract with Aadvanced now includes quarterly checks of the low battery monitoring system that provide a six-month failure warning.

result, and STEP is now in full compliance with the Gig Harbor sewage treatment agreement.

- We saved the association significant resources through the use of volunteers. Lynn Singleton and Steve Tyson were noted for their efforts and support during the flow meter replacement, and Lynn Singleton was thanked for his willingness to participate in the Seametrics beta program that resulted in the free meter, and his ongoing efforts to work on the system throughout the year. Steve Muretta, our volunteer webmaster, has continued to support our community tirelessly.
- We refreshed the equipment and reconfigured the plumbing in the pump house.
- We renegotiated the annual operations and maintenance contract, which included homeowners' special rates with Aadvanced Services.
- We kept our website updated regularly with community information to meet our core values of transparency and education. The recent hack where traffic was routed to a website in Canada was rapidly repaired by our volunteer webmaster Steve Muretta.
- We issued a summer newsletter that included a document on what to do if your septic tank alarm goes off.

2021 Budget Review/2022 Proposed Budget

Treasurer Randy Young discussed the three budget-related items members received in the annual meeting packet that presented the status of the two STEP Association financial accounts/budgets: Operations and Maintenance, and Reserve.

2021 Operations and Maintenance Budget

Gig Harbor sewer fees account for 80% of our costs. We avoided a dues increase in 2021 as Gig Harbor gave us a significant one-time 2020 "COVID" discount on our bill. That discount and other savings allowed STEP fees to remain flat for the fourth year. Additionally, some of the 2021 expenses were appropriately taken from the Reserve Account.

The 2022 budget considered the \$2400 carry-over from 2021, the ongoing savings from our new insurance carrier, and the increase in Gig Harbor fees. As a result, a dues increase to \$106 per month (about 5%) is needed in 2022. We don't anticipate any unusual equipment expenses in 2022 because of the completed refresh in 2021.

Larry Fleming asked about the duration of the insurance premium savings and the Gig Harbor surcharge for non-city residents. Randy noted that the Board had the option to shop for insurance at any time and would do so if rates increased unacceptably. Megan Amherst, who performed the insurance research for the Board, noted that many insurance companies did not understand STEP systems and were reluctant to insure a sewage conveyance system. With her

- Solicit interested vendors to perform our ongoing operation and maintenance needs. Selection will occur in June 2022.
- Meet any identified system needs expeditiously.

Other Participant Questions:

Larry Fleming asked about a system failure in Forest Village. Lynn reported that there was a leak at a residence, and the adjacent neighbors in the cul de sac were notified that the STEP system would be shut down for a few hours to make needed repairs. A few years ago, we found and uncovered the buried system shut-off valves to ensure that the fewest residents, i.e., small zones, could be shut down, and therefore impacts from a failure/repair would affect the fewest possible. Excavation revealed the leak was from a cracked backflow preventer on the homeowner's side of the system shut-off serving that property. As a result, that house could be isolated, repaired, and impacts to neighbors avoided.

The meeting was adjourned at 6:02 PM.

Respectful submitted,

Frank Addison, Secretary

Post Meeting Follow-up—Ballot Results:

37 ballots were returned by the November 12, 5:00 PM deadline.

The draft 2020 Meeting Minutes were approved with no comments by the 37 responding residents.

The three candidates for the STEP board; Megan Amherst, Scott Lane and Chad Scialabba were elected to the board with 37, 36 and 36 votes respectively, and there were no write-in candidates.

The 2022 Budget was ratified by 37 affirmative votes

Thank you for your ongoing support—Your Division 12 STEP Board