

Canterwood Division 12 STEP Association
c/o Diamond Community Management
7512 Stanich Lane, Suite 6
Gig Harbor WA 98335
253-514-6638



IMPORTANT NOTICE TO

Canterwood Division 12 STEP Association Owners:

THE 2023 ANNUAL MEETING WILL BE CONDUCTED VIA MAIL-IN BALLOT ONLY

Enclosed you will find The Annual Association Report, 2022 Annual Meeting Minutes Draft, 2023 Budget Reports, 2024 Budget, and your Ballot.

In order to establish the Quorum, you need to mail in your signed ballot form to Diamond Community Mgmt, in the envelope provided with your packet. You may email your ballot to carol@diamonddcm.net or Fax your signed ballot to the DCM office at 253-514-6639. Ballots need to be received before 5pm, November 10, 2023.

Because there will not be an in-person owners forum, comments or questions for Board Members need to be emailed to carol@diamonddcm.net prior to November 10, 2023. Comments and/or questions and Board responses will be included in the 2023 Minutes along with the voting results, and distributed to all owners within 60 days after the return date.

In reviewing the information, you will see that we have a dues increase for this next year. As anticipated annually, a small portion of our rate increase (\$1.19/mo) is due to the City of Gig Harbor's annual adjustment to usage rates. The majority of our rate increase (\$15.81/mo) is due to an unexplained significant (30%) increase in wastewatertreatment/disposal for 2023. The increase may be due to a failing flow meter and/or leaks/intrusions into the system. We will be developing a plan and actions to address this in 2024. In the meantime, we urge you to evaluate running toilets, dripping faucets, cracked tank lids or any stormwater that is routed to the STEP system and take measures to correct deficiencies. These cause real impacts to you and the community.

THANK YOU

2023 CANTERWOOD DIVISION 12 STEP ASSOCIATION ANNUAL REPORT

2023 Board Members: Lynn Singleton, President; Megan Amherst, Vice President; Chad Scialabba, Treasurer; Dan Riley, Secretary; and Scott Lane, Director

2022 Annual Meeting Minutes: Enclosed, please review and vote on the ballot.

2023 Financial Report: Enclosed

2024 Budget: Enclosed, please review and vote on the ballot.

Board Member Election: Enclosed, please review and vote on ballot by November 10, 2023.

2023 Accomplishments and Planned Activities

- Reserve Account CDs were reissued at much higher interest rates
- Selected a new Reserve Study team to perform our 5-year update
- Critically assessed, modified and documented Reserve Study equipment replacement assumptions to better plan for future system component replacement
- Significantly reduced community costs with volunteers;
 - Steve Muretta—website support, redevelopment/migration/security and license consolidation resulting in lower costs
 - Chad Scialabba—Reserve Study Model development and Reserve Study assumptions
 - Lynn Singleton— website content migration, Reserve Study assumptions and system maintenance
 - Scott Lane—system maintenance
 - Megan Amhurst—Summer Newsletter
- Will replace the terminus flow meter and coordinate with the City
- Worked with Puget Sound Energy (gas line replacement) to find additional “lost” components.
- Halted further searches for “lost” equipment
- Renewed Aadvanced Services for our operation and maintenance (O&M) work
- Obtained special rates from Aadvanced Services for our community members
- Maintained transparency—a core value, by routinely updating our website with business information: <http://Canterwooddiv12step.org>
- Updated the website and FAQs
- Coordinated with Canterwood STEP on website redevelopment costs, and to develop and distribute a unified STEP response to claims by pro annexation advocates
- Monitored frog families in terminus vault—they are well fed but spiders are complaining

2024 Planned Priorities

- Service the aerator, and exercise valves
- Complete the Reserve Study update and assess reserves for component refresh
- Develop and execute plan to evaluate 2023 wastewater flow increases
- Promptly address infrastructure issues
- Compete and issue our O&M service contract
- Maintain and update website content to ensure transparency and accountability

Please forward questions or comments for inclusion in the 2023 Meeting Minutes.

**Canterwood Division 12 STEP Association
2022 Annual Meeting
--Minutes--**

Pursuant to a decision by the Board of Directors and in accordance with state law, the 2022 Annual Meeting of the Canterwood Division 12 STEP Association was conducted via Mail-in Ballot only.

Notice of the Meeting: Members of the Association received an information packet that included an Annual Report with 2022 Accomplishments and 2023 Planned Priorities, a DRAFT of Minutes of the 2021 Annual Meeting, an Estimated End-of-Year (2022) Financial Synopsis, the proposed 2023 Budget, a Reserve Account Summary and Projections, and the Ballot.

Ballot results compiled and reported by Diamond Community Management:

Participation: 44 ballots were returned or postmarked by 5pm deadline on November 10, 2022, meeting the requirements for a quorum (minimum of 24 homeowners).

2021 Annual Meeting Minutes

 44 Approve

 0 Do Not Approve

The Minutes of the 2021 Annual Meeting were approved.

Election of Board members (two-year terms)

 43 Lynn Singleton

 42 Dan Riley

No write-in candidates received votes.

2023 Budget

 44 I vote to ratify the budget

 0 No, I do not ratify the Budget

The 2023 Budget was ratified.

Questions or Comments: None

Respectfully submitted,
Rick Meeder, Secretary

**Canterwood Division 12 STEP Association
2023 Estimated and 2024 Budgets**

GL#		BUDGET	ESTIMATED	BUDGET	2024
		2023	EOY 2023	2024	Explanation
	REVENUE	(71 Lots)		(71 Lots)	
*	2022 Net Operating Income	1,810	1,820	-	
4000	Monthly Dues	90,312	90,312	104,796	\$123 per Lot
4100	Late Charge	-	-	-	Due on the 1st
	Total Income	92,122	92,132	104,796	
	EXPENSES				
5005	Annual Registration	20	20	20	
5010	Management Fees	6,000	6,000	6,000	
5106	Printing/Coping	250	225	250	Newsltr/Ann Pkt
5130	Postage	225	205	225	
5200	STEP System Rpr & Maint	7,600	5,850	7,622	***
5300	Electricity	515	348	415	
5315	Gig Harbor Sewer Fee	75,311	86,533	87,344	Rate incr 2024
5441	Tax Preparation	200	185	200	
5520	Insurance	1,300	1,292	1,300	
5525	Reserve Study	1800	920	920	2024 Update
5570	Website	400	624	500	
8010	Reserve Fund Transfers	0	0	0	
	Total Expenses	93,621	102,202	104,796	
	Excess/(Shortfall)*	(1,499)	(10,070)	-	**

* 2023 Includes carry over from 2022

** 2023 Shortfall covered by previous years accrued carry over

R & M Recap

***	Tri-Annual Serv: 2023	5,534.00
	Supplies & Parts	316.00
	Total	5,850.00

MONTHLY DUES ALLOCATION CATEGORY	PER MONTH PER HOME 2024
Sewer Fees	102.52
Management Fee	7.04
STEP System Maintenance & Repairs	8.95
Insurance	1.53
Reserve Study	1.08
Allocation to Reserves	0.00
Other	1.89
Total Monthly Dues Per Home	123.00
Carry Over Credit	0
Net Monthly Dues Per Home	123.00

**CANTERWOOD DIVISION 12 STEP ASSOCIATION
RESERVE FUND SUMMARY AND PROJECTIONS
Projections Based on 2019 Reserve Study
30 September 2023 (Data Date)**

Balance as of 12/31/22	\$ 73,415.24
2023 Contributions (Projected interest with CD's)	\$ 1,465.88***
2023 Expenses	\$ 0.00**
Projected Reserve Fund Total EOY 2023	\$ 74,881.12

2024 Reserve Study Projections**				
100% Funded Amount*	Total EOY % Funded	Total Fund Deficiency	Deficiency/Lot /Year /Month	Contributions/ Comments
2019: \$73,351	\$73,692 / 100%	\$0.00	\$0 / \$0	100% Funded
2020: \$79,387	\$75,835 / 96%	\$3,552	\$50 / \$4	CD Interest Hook-up Fee (\$1,500)
2021: \$92,739	\$73,201 / 79%	\$19,538	\$1,628 / \$23	CD Interest
2022- \$102,619	\$73,461 / 72%	\$29,158	\$2,430 / \$34	CD Interest
2023- \$103,012	\$74,877 / 73%	\$28,135	\$2,345 / \$33	CD Interest / Flow meter costs TBD**
2024	Informed by 2023/2024 updated Reserve Study			

* The 2019 Study update meets the requirements of WUCIOA (RCW.64.90.525) enacted on July 1, 2018. Reserve Study Reports are available at www.canterwooddiv12step.org. The Board intends to have the Reserve Study updated in 2023.

** The Reserve Study projected replacement of the sump grate (\$577) in 2018 and pump house flow meter (\$4,000) in 2019. The expenditure of (\$40,186) was projected in 2020 for pipe replacement. The pipe replacement will not be necessary; pipe life should exceed 30 years and neither Canterwood STEP systems have experienced any piping problems to date. The 2021 Reserve expenses of (\$3,707.52) include pump, pump house flow meter installation, plumbing and electrical work. The 2022 Reserve expense was projected to be (\$393.00) for the Treatment building Heater. The 2023 Reserve expense was projected for replacement of the water flow meter (\$5,374.00). With exception to the 2021 reserve expenses, no other components were replaced as projected from 2018 – 2023 as of this analysis. The recently discovered failure (10/19/23) of the terminal flow meter requires replacement as soon as reasonably feasible (Late 2023/Early 2024). Funds reserved for these replacements are held in Reserves until replacement is needed. The board has engaged Association Reserves to reevaluate the 2019 Reserve Study based on our additional 5 years of operating history to better inform us as to when component replacement is expected, the financial impact of those replacements and to ensure we have sufficient funds available when required without the need of special assessments.

*** Proposed homeowner charges for 2024 will not include contributions to the Reserve Fund.

Canterwood Division 12 STEP ASSOCIATION

Annual Meeting via Mail

Return Date: November 10, 2023

BALLOT

ONLY ONE VOTE PER UNIT

I, the undersigned owner of address _____, WA
do hereby vote for the following:

BALLOT

2022 Annual Meeting Minutes - Enclosed

Approve

Do not Approve – Correction: _____

Board Members remaining: Lynn Singleton and Dan Riley

Board Members with expiring terms: Megan Amhurst, Chad Scialabba, and Scott Lane

Vote for 3 Board Members:

Megan Amhurst

Chad Scialabba

Scott Lane

Write-in _____

2024 Budget - Enclosed

Yes, I vote to ratify the 2024 Budget

No, I do not ratify the Budget

Your Name Print	
Your Signature	

(MUST be SIGNED to be VALID)

Please return to:

Diamond Community Management

7512 Stanich Lane, Suite 6

Gig Harbor, WA 98335

**Ballots must be emailed, mailed, faxed or delivered to the Diamond Community
Management office**

NO LATER THAN 5 p.m. November 10, 2023.

Note: A signed ballot counts toward a quorum - 24 Owners