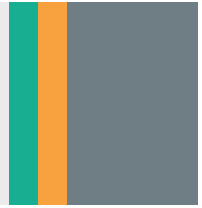


Canterwood Division 12 STEP Association

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 2024 ANNUAL MEETING WILL BE CONDUCTED VIA

MAIL-IN BALLOT ONLY

Enclosed you will find The Annual Association Report, 2023 Annual Meeting Minutes Draft, 2024 Budget Reports, 2025 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@diamondcm.net or Fax your signed ballot to the DCM office at 253-514-6639. Ballots need to be received before 5pm, November 29, 2024.

In reviewing the information, you will see that the Board is recommending a 2025 dues reduction and funding the Reserve Account. Dues were increased in 2024 after unexplained increases in 2023 wastewater flows/costs to the City of Gig Harbor. It is clear now, that the increases were caused by our failing flow meter. Meter replacement (12/2023) resulted in flow measurements in line with historical levels and lower than anticipated costs. This along with reduced Operation and Maintenance costs due to volunteer efforts, resulted in a 2024 budget surplus. Our updated 2024 Reserve Study (1/2024) noted shortfalls in the Reserve Account and the surplus allowed full funding of the Reserve Account and the 2025 reduction in monthly homeowner fees.

Infiltration and inflow remains a significant concern to us and we urge all to evaluate running toilets, dripping faucets, replace cracked tank lids and eliminate any stormwater routed to the STEP system. These cause real impacts to you and the community.

THANK YOU

2024 CANTERWOOD DIVISION 12 STEP ASSOCIATION ANNUAL REPORT

2024 Board Members: Lynn Singleton, President; Megan Amherst, Vice President; Chad Scialabba, Treasurer; Dan Riley, Secretary; and Scott Lane, Director

2023 Annual Meeting Minutes: Enclosed, please review and vote on the ballot.

2024 Financial Reports: Enclosed

2025 Budget: Enclosed, please review and vote on the ballot.

Board Member Election: Enclosed, please review and vote on ballot by November 29, 2024.

2024 Accomplishments

- Reserve Account CDs were reissued at high interest rates
- Completed the Reserve Study update
- Significantly reduced community costs with volunteers-estimated at \$7000 savings;
 - Steve Muretta—website support, redevelopment/migration/security and license consolidation resulting in lower costs
 - Chad Scialabba— system assessment/repair/maintenance
 - Lynn Singleton— website content, system assessment/repair/maintenance
 - Scott Lane—system repair/maintenance
 - Megan Amhurst—Summer Newsletter
- Replaced the terminus flow meter and coordinated with the City—safer meter installation
- Serviced the aerator and inspected riser lids
- Repaired broken concrete in terminus vault to stop undermining erosion
- Made operational changes at the terminus vault to minimize flooding
- Planning significant repair of the pump house manifold
- Replaced pumphouse tank valves (2) and repaired pump
- Maintained transparency—a core value, by routinely updating our website:
<http://Canterwooddiv12step.org>
- Updated/adopted needed operational policies
- Changed bleach type, source and delivery method to save money
- Funded Reserve Account to 100% of need
- Monitored frog families in terminus vault—they remain well-fed, but spiders are organizing collective bargaining/binding arbitration teams, frogs remain unphased

2025 Planned Priorities

- Reduce Association member's monthly fees
- Fund the Reserve Account to 100% of need
- Complete pumphouse manifold repair-requires~4 hour system shut down, service the aerator, and exercise valves
- Select O&M service provider
- Promptly address infrastructure issues
- Assess operational changes at terminus vault to stem flooding
- Maintain and update website content to ensure transparency, education and accountability
- Evaluate an Infiltration and Inflow reduction campaign with lid inspections

Please forward questions or comments for inclusion in the 2024 Meeting Minutes.

**DRAFT Canterwood Division 12 STEP Association
2023 Annual Meeting
--Minutes--**

Pursuant to a decision by the Board of Directors and in accordance with state law, the 2023 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 2023 Accomplishments and 2024 Planned Priorities, a DRAFT of Minutes of the 2022 Annual Meeting, an Estimated End-of-Year (2023) Financial Synopsis, the proposed 2023 Budget, a Financial Summary across all financial accounts, and Reserve Account Summary and Projections, and the Ballot.

Ballot results compiled and reported by Diamond Community Management:

Participation: 41 ballots were returned or postmarked by 5pm deadline on November 10, 2023, meeting the requirements for a quorum (minimum of 24 homeowners).

2022 Annual Meeting Minutes

41 Approve

0 Do Not Approve

The Minutes of the 2022 Annual Meeting were approved.

Election of Board members (two-year terms)

39 Megan Amhurst

39 Chad Scialabba

40 Scott Lane

No write-in candidates were provided.

The three candidates were elected to the Board.

2024 Budget

40 I vote to ratify the budget

0 No, I do not ratify the Budget

The 2024 Budget was ratified.

Questions or Comments Submitted: None

Respectfully submitted,
Dan Riley, Secretary

CANTERWOOD DIVISION 12 STEP ASSOCIATION RESERVE FUND SUMMARY AND PROJECTIONS

2019 -2023 Summary Values Based on 2019 Reserve Study

2024 Projections Based on 2024 Reserve Study and EOY Estimates

Balance as of 12/31/23	\$ 71,450.55
2024 Contributions (Projected interest with CD's)	\$ 2,468.25
2024 Expenses -Reimbursed	\$ 490.22
2024 Reserve Fund Contribution	\$ 6,756.00
Projected Reserve Fund Total EOY 2024	\$ 81,165.02

2024 Reserve Study Projections				
100% Funded Amount*	Total EOY % Funded	Total Fund Deficiency	Deficiency/Lot /Year /Month	Comment
2019: \$73,351	\$73,692 / 100%	\$0.00	\$0 / \$0	Funded 100% per 2019 Reserve Study Projections
2020: \$79,387	\$75,835 / 96%	\$3,552	\$50 / \$4	Contributions: CD interest 1 lot hook-up fee (\$1,500)
2021: \$92,739	\$73,201 / 79%	\$19,538	\$1,628 / \$23	** Contribution: CD Interest
2022-\$102,619	\$73,461 / 72%	\$29,158	\$2,430 / \$34	** Contribution: CD Interest
2023-\$103,012	\$74,877 / 73%	\$28,135	\$2,345 / \$33	** Contribution: CD Interest
2024-\$ 78,959	\$81,165 / 103%	\$ 0.00	\$0 / \$0	*** See Summary Above

* The 2019 & 2024 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 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 we have not had any problems to date. The above Components were not replaced in 2018, 2019 or 2020. The funds reserved for these 2018 and 2020 replacements will continue to be held in Reserves until replacement is needed. The flow meter was replaced in 2021. 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) Treatment building Heater. The 2023 Reserve expense was projected to be (\$5,374.00) for replacement of the terminal vault flow meter.

*** 2024 updated Reserve Study resulted in a decrease of our 100% funding level from that projected in 2024 from our 2019 study. This update included a full reconciliation of all components actually installed in the system along with an updated evaluation of their remaining useful life, pragmatic probabilities of component failure, and detailed estimates of current cost for repair/replacement of components. Due to engagement of the reserve study practitioner with the Board, it is expected that the quality and accuracy of the update will provide confidence in future reserve fund contributions to ensure our Association can cover future obligations with limited risk for a special assessment. Proposed 2025 annual budget includes a contribution to the Reserve Fund in accordance with the 2024 Reserve Study recommended full funding level.

2024 Estimated (E) End Of Year Financial Synopsis				
CW Division 12 STEP Association				
30 September 2024 (Data Date)				
		Budget	E(Actual)	E(Variance)
Revenue				
****	Prior Year Operating Income	0.00	0.00	0.00
4000	Dues Assessment	104,796.00	104,796.00	0.00
4100	Late Fees	0.00	245.00	245.00
Total Revenue		104,796.00	105,041.00	245.00
Operating Expenses				
5005	Annual Corp. Registration	(20.00)	(20.00)	0.00
5010	Management Fees	(6,000.00)	(6,000.00)	0.00
5106	Coping & Printing	(250.00)	(250.00)	0.00
5130	Postage	(225.00)	(225.00)	0.00
5200	Repair & Maintenance	(7,622.00)	(1,240.00)	6,382.00
5300	Electricity	(415.00)	(378.00)	37.00
5315	Sewer Expense	(88,264.00)	(55,150.00)	33,114.00
5441	Taxes Preparation	(200.00)	(195.00)	5.00
5500	Taxes Due	0.00	(245.00)	(245.00)
5520	Insurance	(1,300.00)	(1,738.00)	(438.00)
5525	Reserve Study	0.00	(920.00)	(920.00)
5570	Website	(500.00)	(500.00)	0.00
8000	Reserve Fund Contribution	0.00	(6,756.00)	(6,756.00)
1082	Operating Account Contribution	0.00	(9,964.00)	(9,964.00)
Total Operating Expenses		(104,796.00)	(83,581.00)	21,215.00
Operating Income (2024 Carryover)		0.00	21,460.00¹	21,460.00
Other Income & Expenses				
1082	Operating Account Contribution	0.00	9,964.00 ²	9,964.00
Net Operating Income		\$0.00	\$31,424.00³	31,424.00
Reserve Income & Expenses				
9017	Reserve Fund Expenditures	0.00	490.22 ⁴	490.22
4162	Reserve Fund Interest Income	0.00	2,468.25	2,468.25
8000	Reserve Fund Contribution ⁷	0.00	6,756.00	6,756.00
Total Reserve Income & Expenses		0.00	9,714.47⁵	9,714.47
Net Income (Loss)		\$0.00	\$41,138.47	\$41,138.47
Asset & Liability Accounts		Balance as of		
		1/1/2024	E(12/31/2024)	E(Variance)
Operating Account (Asset)		13,902.42	45,326.42 ⁶	31,424.00
Prepaid Assessments (Liability)		3,808.00	3,808.00	0.00
Current (Assets - Liabilities)		\$10,094.42	\$41,518.42	31,424.00³
Reserve Accounts (Asset)		71,450.55	81,165.02	9,714.47 ⁵
Total (Assets - Liabilities)		\$81,544.97	\$122,683.44	\$41,138.47

- Notes:
- ¹ 2024 Income carryover utilized to stabilize future year dues (2025-2028)
 - ² Re-establish operating account margin decremented in 2023 to cover shortfall
 - ³ Net Operating Income due to lower than anticipated Sewer/Maintenance Expenses
 - ⁴ Meter replacement refund from supplier & returned materials
 - ⁵ Net Change in Reserve Funds due to annual contribution, Interest Income, & Expenditures
 - ⁶ Balance includes resident pre-pays and funds to cover bi-monthly sewer charges.
 - ⁷ Contributions based on Full Funding Recommendations of 2024 Reserve Study

2024 Estimated (E) and 2025 Proposed (P) Budget

CW Division 12 STEP Association

30 September 2024 (Data Date)

	Budget 2024	E(Actual) 2024	P(Budget) 2025
Revenue			
**** Prior Year Operating Income	0.00	0.00	21,460.00 ²
4000 Dues Assessment	104,796.00	104,796.00	80,940.00 ¹
4100 Late Fees	0.00	245.00	0.00
Total Revenue	104,796.00	105,041.00	102,400.00
Operating Expenses			
5005 Annual Corp. Registration	(20.00)	(20.00)	(20.00)
5010 Management Fees	(6,000.00)	(6,000.00)	(6,120.00)
5106 Coping & Printing	(250.00)	(250.00)	(250.00)
5130 Postage	(225.00)	(225.00)	(225.00)
5200 Repair & Maintenance	(7,622.00)	(1,240.00) ⁴	(12,584.00) ⁵
5300 Electricity	(415.00)	(378.00)	(405.00)
5315 Sewer Expense	(88,264.00)	(55,150.00)	(54,836.00) ⁶
5441 Taxes Preparation	(200.00)	(195.00)	(200.00)
5500 Taxes Due	0.00	(245.00)	(245.00)
5520 Insurance	(1,300.00)	(1,738.00)	(2,000.00)
5525 Reserve Study	0.00	(920.00)	0.00
5570 Website	(500.00)	(500.00)	(500.00)
8000 Reserve Fund Contribution ⁷	0.00	(6,756.00)	(6,959.00)
1082 Operating Account Contribution	0.00	(9,964.00)	0.00
Total Operating Expenses	(104,796.00)	(83,581.00)	(84,344.00)
Operating Income (2024 Carryover)	0.00	21,460.00 ²	18,056.00 ³

Monthly Dues Per Home Allocation by Category	Per Month 2025
Sewer Expense	64.36
Repair & Maintenance	14.77
Management Fees	7.18
Insurance	2.35
Reserve Fund Contribution	8.17
Other	2.17
Total Monthly Dues	99.00
Carry Over Credit	(4.00)
Net Monthly Dues Per Home	95.00 ¹

Notes: ¹ Reduced assessment from \$123/mo to \$95/mo per home (71) due to sustained reduction in sewer charges

² 2024 Income carryover due to lower than anticipated sewer charges as a result of meter replacement

³ 2025 Anticipated income from 2024 carryover utilized to stabilize new assessment rate (2025 - 2028)

⁴ Volunteer efforts from Board members reducing R&M expenses - See Annual Report

⁵ Valve manifold piping replacement upgrade (Not Reserved) + Annual R&M

⁶ Based on 8 month Average following meter replacement (Excludes Jan 2024 billing)

⁷ Contributions based on Full Funding Recommendations of 2024 Reserve Study

Canterwood Division 12 STEP ASSOCIATION

Annual Meeting via Mail

Return Date: November 29, 2024

BALLOT

ONLY ONE VOTE PER UNIT

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

BALLOT

2023 Annual Meeting Minutes - Enclosed

☐

Approve

☐

Do not Approve – Correction: _____

Board Members remaining: Megan Amhurst, Chad Scialabba, and Scott Lane

Board Members with expiring terms: Lynn Singleton and Dan Riley

Vote for 2 Board Members:

☐

Lynn Singleton

☐

Ben Stewart

☐

Write-in _____

2025 Budget - Enclosed

☐

Yes, I vote to ratify the 2025 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 29, 2024.

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