

MADRONA BEACH COMMUNITY WATER SYSTEM

2024 Annual Meeting Minutes

June 1, 2024 | 10:00 am | Camano Island Yacht Club

1. Call to Order

The 2024 annual meeting of the Madrona Beach Community Water System was called to order at 10:13am by Frank Waterworth, president. A total of 29 members representing 39 shares were present, achieving the 10% quorum requirement.

2. Introduction of Current Board Members

- Frank Waterworth, President
- Jeff Patt, Vice President
- Dave Ballard, Treasurer (not in attendance)
- Laurie Cook, Secretary
- Jeff Erwin, Trustee
- Eileen Peterson, Trustee
- Jerry Piontkowski, Trustee

3. Meeting Minutes

The minutes of the 2023 annual meeting were presented and unanimously approved.

4. President's Report

Frank presented a summary of the health and operation of our water system:

- We are headed in the right direction and have several new Board members who bring a renewed enthusiasm and commitment to our system.
- We onboarded a new water management company to service our system, Quality Water Care (QWC). They are doing an excellent job.
- We currently have a significant water loss and are working diligently with QWC to identify and repair the leaks.
- Well #3 has been drilled, tested, and sampled. We are waiting for approvals from the State.
- We will present a financial plan today for improvements and maintenance that will take us forward into the future.
- After 22 years serving on the Board, Frank is retiring. He will still be a volunteer, but not an active Board trustee.

5. Financial & System Review

Jeff Patt, vice president, presented the following information:

A. Balance Sheet

- Total assets as of 5/31/2024 = \$352,296.91.
- This is down \$110,000 from this time last year, mainly because of the new well.

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B. Connection and System Upgrades

- We have a total of 290 connections in our system.
- The loss rate between the main line and meters is significant and critical to address.
- The older connections are of greatest concern, and we are upgrading these first.
- The State requires that any water loss over 10% be addressed.
- Our storage tank is 47 years old. With a life span of 60 years, it will need to be replaced in 10-15 years. The new foundation, walls, and rebar will be thicker, and the tank will be seismic-ready.

C. Third Well

- Working closely with an engineer, QWC, and other partners, our new well was successfully drilled 500 feet down. It can produce 150 gallons/minute, which is the maximum we can draw from the aquifer.
- The well is expected to come online in 1 to 2 months.
- Our goal is to have 500 gallons of reserve per home = 150,000 gallons.
- We are blessed with one of the best aquifers on the island, a good filter system, and no salt intrusion.

D. 8-Year Cash Flow Plan

- We need to change course and implement a long-term vision of where we're going and what is needed. We are tackling the problems head-on.
- This 8-year cash flow plan includes upgrading 25 connections per year and saving for the new storage tank. Average cost is \$4,200 per connection, and the new tank is estimated to cost \$800,000.
- This is a working plan and will be updated as needed.

E. 2025 Water Rates

- We need to increase the annual dues and other fees in order to catch up from many years of low dues, in order to fund the connection upgrades and storage tank.
- A list of new fees was presented, effective 6/1/2024. Next year's base rate will be \$650 per share.
- Overage fees are being reviewed and will likely increase.

Shareholder comments and questions throughout Jeff's presentation included:

Comments:

- Attendees gave a round of applause to Jeff and the Board for their vision in developing a pragmatic roadmap to the future.
- What a great group of employees and work being done by QWC. It's a night and day difference from our previous provider.
- A \$650 annual rate is not unreasonable.

Questions:

- Q: How can we help low-income shareholders? Perhaps individual donations from fellow shareholders or establish a scholarship fund?
A: The Board is sensitive to our low-income shareholders and addresses needs on a case-by-case basis.

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- Q: Can we implement guidelines to prohibit 3-story buildings?
A: Not at this time, as we are not an HOA.
- Q: Can we use drone technology to identify/target the biggest leaks?
A: Need to research.
- Q: With the extra well, can we sell more shares?
A: No. We only have enough water to support 270 homes, per state requirements.
- Q: Can the existing wells generate more water?
A: No. Well #1: New pump was installed, but not successful in increasing production. Well #2: Reaching the point of replacement. (It's the workhouse right now until #3 comes online.) A VFD (Variable Flow Device) was installed to give us options to shift between wells.
- Q: Should the property transfer fee be on the buyer's escrow?
A: Yes.
- Q: Could we address smaller homes that use less water, and perhaps introduce tiers?
A: The Board will take this into consideration.

6. Elections

- A. Acknowledgement of Outgoing Board Members
 - Dave Ballard
 - Raven Messinger
 - Don Tinius
 - Frank Waterworth
- B. Floor Open to Nominations; Unanimous Approval of New Trustees
 - Ryan White
 - Scott Lawhon
 - Diana Nestor
- C. Election of Officers by Board (during 6/5/2024 monthly meeting)
 - Ryan White, President
 - Jeff Patt, Vice President
 - Diana Nestor, Treasurer
 - Laurie Cook, Secretary

7. Floor Open to Questions

A few additional questions and comments from shareholders were answered and acknowledged.

8. Adjournment

The meeting was adjourned by Frank at 11:18am.

Respectfully submitted,
Laurie Cook, Secretary