

MADRONA BEACH COMMUNITY WATER SYSTEM

Board Meeting Minutes

January 15, 2025

BOARD MEMBER ATTENDANCE

Laurie Cook

Jeff Erwin

Scott Lawhon

Diana Nestor

Jeff Patt

Jerry Piontkowski (Absent)

Ryan White

SHAREHOLDER ATTENDANCE

None

I. CALL TO ORDER

The meeting was called to order at 6:35 pm by Ryan.

II. SHAREHOLDER COMMENTS

None.

III. MEETING MINUTES

The minutes of the December meeting were unanimously approved.

IV. TREASURER'S REPORT

A. Balance Sheet, December and YTD P&Ls

Diana presented the financials, with these highlights:

Total assets as of 12/31/2024: \$223,058.75

December income: \$643.94 (interest earned)

December expenses: \$57,032.57

December net income: \$-56,388.63

Total 2024 income: \$172,630.83

Total 2024 expenses: \$361,736.63

Well #3 expenses: \$161,684.24

B. Updated Cash Flow Plan

Jeff presented an updated cash flow plan and noted that we are ahead of plan! If our water loss rate is down to 15%, Jeff proposes that we pivot and start saving for the storage tank (\$800,000). We discussed the possibility of getting a USDA rural loan to help fund this major expense. Jeff has researched this and learned that the requirements and process needed for the loan application are significant, and it would be a large and time-consuming project for us to take on. We also discussed whether we could go after a grant.

This is a key project to pursue.

C. Annual Invoicing

Laurie reported that invoices have been sent to our 5 customer groups: regular users (265), non-water users (10), users without email (15), exempt officers (3), water users with overages (7). However, since several Board members have not received their invoices, it appears they may not have been sent after all. Laurie will follow up with Edna at Pearson ASAP. Laurie reviewed the verbiage being sent with the invoices, including a summary about why annual fees are being increased, and the two payment options, paying by credit card with a 3% fee or mailing a check without this fee.

D. Upgrade Cost Reconciliation

Diana reported that actual costs for upgrades completed to date are in line with expectations. We discussed the need to monitor this on a quarterly basis.

E. 2025 Budget

In addition to developing a budget to which we can compare actual income and expenses, we discussed the need to work on streamlining the chart of accounts to use broader categories (i.e., equipment, maintenance, labor). Diana, Laurie, and Scott will work on these projects.

V. WATER SYSTEM OPERATIONS & UPGRADES

A. Third Well Status

Our new well #3 is online and is working well. Well #3 is pumping 75 gallons per minute; well #2 is pumping 52 gallons per minute; well #1 is producing very little water now.

B. Storage Tank

There is a restriction in the storage tank that results in well #3 producing only 75 gallons per minute. QWC and Jeff will pursue this to find a solution. Our current storage tank is not seismic and is of poor design, intended to be temporary. Jeff will work with QWC on options, including getting two smaller tanks.

C. Low Water Pressure/Generator Issue

QWC fixed this issue with the small generator for the pressurized line. We also have a large generator that runs the pumps and this needs to be tested to make sure it's strong enough to pump the new well in all circumstances. We discussed contracting a service company annually; Ryan and Scott will get quotes.

D. Connection Upgrades

The next group of connection upgrades will be completed in the Spring. We discussed presenting a running total of connection upgrades on our website.

E. Lead Service Line Inventory for DOH

Jeff presented information about this new requirement from the Department of Health. It seems to blur the line between association and shareholder responsibility, and it would be extremely difficult to provide these details for all of the properties in our system. To be discussed further.

VI. CUSTOMER SERVICE REPORT

A. Q4 Meter Reads/Shareholder Letters

Laurie will send out Q4 meter reads to all shareholders in the next week with a letter. The group reviewed the letter that was sent last year and discussed revisions to be made for this year's communication.

B. Website Technical Maintenance Contract

We agreed to contract Scott Bothel of FourTen Creative (who developed our website) to provide the necessary technical maintenance needed to ensure continued and error-free operation of our website at the non-profit rate of \$30 per month. We need to renew our subscription to Office 365.

VII. OLD BUSINESS

A. Updates to Bylaws

We discussed tackling this project one section at a time at upcoming Board meetings. We may want to reach out to other water districts to review their Bylaws as part of the process.

B. Pearson Contract

We discussed the pros and cons of continuing our contract with Pearson Financial Services for bookkeeping support. We voted unanimously to discontinue the contract as of March 1st, bringing these tasks back in-house as the Treasurer's responsibility. We will continue to work with Pearson for tax preparation and to be our registered agent. Laurie will advise Pearson with a 30-day notice.

VIII. NEW BUSINESS

A. Quality Water Care 2025 Rate Increase

Ryan will call Becky at QWC to discuss the 17% rate increase and how this will affect costs for connection upgrades. He will also discuss volume pricing for the upgrades, payments to be made twice per month, and will request an updated contract.

B. FinCEN (Financial Crimes Enforcement Network) BOI filing

We learned from Pearson that this filing requirement has been paused and is not needed at this time.

IX. ADJOURNMENT

The meeting was adjourned at 8:10 pm.

Next Board meeting: February 12, 2025 at 6:30pm.

Respectfully submitted, Laurie Cook, Board Secretary