

Special Meeting of Members of the Wolf Creek Property Owners Association

January 28, 2023 - Meeting held remotely

Meeting called to order at 9:01 AM by President, Bob Rohde, presiding.

Attending:

Directors: Bob Rohde, Bill Bley, Jason Williams, Jim Ginn, Mark Ryan and Dick Nova

Facilities Manager: Alan Sodell

Assistant Facilities Manager: Kris Borgias

Members: Pete Soderquist, Paul & Jacque Smith, Jan Erickson, Kyle Kosmicki, and Mike McPhaden

Meeting Purpose:

1. This was a special meeting of members of the WCPOA to ratify the 2023 operating budget of the Association adopted by the Board of Directors on January 6, 2023.
2. The budget shall be deemed ratified by the members unless a majority of the members reject the budget, as provided in Section 9.2 of the Bylaws.

Meeting Summary:

1. The budget proposal was distributed to membership on January 12, 2023 along with notification of this meeting.
2. Bill Bley gave a 2022 budget summary.
 - a. As of the most recent reporting there was \$110,246 in expenses and \$76,538 in income, resulting in \$33,708 over budget.
 - b. Water system repairs were \$19,313 and road related expenses were approximately \$6,700.
3. Bob Rohde provided background and rationale for the proposed 2023 budget.
 - a. Inflation and contractor availability and expenses hit the valley hard in 2022.
 - b. Finding and fixing water system leaks has proven difficult.
 - c. The water system is 46 years old.
 - d. An engineering study performed in 2013 projected 5-10 years of useful life expectancy for the distribution system. Although the conduit is failing, recent inspections have shown the reservoir to be in very good condition.
 - e. Water system distribution leak detection efforts increased in 2022. A detection method using nitrogen gas was proven effective. A system-wide survey is planned in the spring.
 - f. Currently we are experiencing approximately 45K gallons per day water loss.
 - g. State financing for water system replacement is not available.
 - h. The USDA rural division does provide funding. However, grant funds are not available. Loans are available and many hours have been spent researching the potential.

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- i. Following much preliminary work Bob attended a conference in Wenatchee to get further information.
 - ii. Subsequent interviews were conducted with consulting engineers.
 - iii. The red tape associated with obtaining a loan is considerable.
 1. A preliminary engineering study would be required.
 2. An environmental impact study would be required.
 3. A cultural assessment study would be required.
 4. Interim financing would be needed.
 5. Only US made products could be utilized.
 6. A concluding estimate is that 30% higher project costs and needed funding would result.
 - iv. Current rates are 3.5% for a 40-year USDA loan.
 1. At an estimated \$70/lineal foot replacement cost \$1,086,000 would be needed using local contractors and materials.
 2. Assuming a 4.0%, 40-year USDA loan at a 30% higher funding it would be approximately \$996/year/member.
 - i. Based upon the information above the BOD decided to fund water system repair and replacement with direct association funding.
 - i. A goal will be to stretch out water system conduit replacement and associated association special assessments over 10 years or greater.
 - ii. Over 15 years this would approximate \$1034/year/member at current dollars.
 - iii. Edelweiss is presently implementing a similar approach.
 - iv. The \$2000/member special assessment in the budget for 2023 will increase budget reserves and fund water system leak detection and repairs/replacement in 2023.
 - v. For reference, a reserve study performed for the association in 2022 indicated a \$1,000,000 special assessment for 2023 at approximately \$15,000/member. This need was considered excessive and unnecessary.
4. Following Bob's information presentation discussion followed.
 - a. Pete Soderquist said that he had looked at the reserve study and that in addition to Bob's explanations had answered most of his questions.
 - b. Pete asked what the related priorities would be for this year.
 - i. Kris said that there will be a focus on Green Meadows where there are suspected leaks.
 - ii. Instead of just fixing a leak when found a section of line would be considered for replacement.
 - iii. Paul Smith added that adding more meters would aid in locating leaks.
 - iv. Kris agreed and said in addition adding more valves and upgraded vaults would be advantageous.

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- c. Mike McPhaden asked what was considered a lot for assessment purposes. It was answered that it would be a taxable lot consistent with current maintenance fee invoicing.
- d. Kyle Kosmicki asked if there will be a general plan generated.
 - i. Kris replied that leak detection will be conducted first. He added that he plans to meet with Pennock Excavation to explore their availability.
 - ii. Bob added that we are not considering a 15-year plan at this point. We have a short-term plan and long-term intend to stretch out the replacement work.
- e. Pete asked if the leak detection service was familiar with the overall water system.
 - i. He gave an example of the capped-off line that went up to Perrow property to the south. He also said that there are a number of dead-end pipes.
 - ii. Kris asked Pete if they could get together to discuss. Pete responded “of course, anytime”.
- f. Bob asked Pete if he knew how much of our water system conduit was in the same ditching as power line.
 - i. Pete said that much if not most of the distribution was in the same or adjacent ditching with electrical.
 - ii. Kris said that he had talked to OCEC about shared costs. They indicated that our association was not in their current 5-year plan. Kris will follow-up with them.
- g. Jacque Smith said that she felt the announcement for this special meeting had been insufficient and did not indicate a vote on the budget was required.
 - i. Bob replied that the announcement was compliant with section 9.2 of the By-laws and that no further notice was needed. Mark concurred.
 - ii. Kyle and Mike also felt it was unclear.
 - iii. Jan Erickson said that everyone was invited and had the opportunity to attend. Bill agreed with Jan.
- h. Jason asked if there was a detailed plan for the water system. The answer was yes but that it was not comprehensive.
- i. Kyle asked if the 2013 Pace engineering report was on the website. The answer was yes.
- j. Mark indicated that upgrading the water system has been talked about for years and we are currently spending a lot of money to pump water back into the ground.
- k. Mike asked if there will be future assessments. The answer was yes. He requested that that be communicated.
- l. In response to a question about the reserve study Bob replied that conducting it was a state requirement but fulfillment to plan was not required.

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5. Following discussion Bill offered a motion to approve the 2023 budget. The motion was seconded and approved.

The meeting was adjourned at 9:53 AM.

Respectfully submitted,
Dick Nova, Secretary