

STEP Board Meeting
June 27, 2013
Minutes

The meeting was called to order at 4:15 pm.

In attendance were Mr. Allen, Mr. Weiss, and Mr. Williams along with Ms. Eva Hill. Absent were Ms. Hankins and Mr. Caudill and Mr. Tanner.

Mr. Allen asked if there were additions to the agenda. Mr. Weiss stated that a member of the Club Home Owners Board, Mr. John Dunton was interested in joining the STEP Board. Mr. Allen stated that this comes at a good time because he is about to place his house on the market and is in the process of relocating. It was agreed that Mr. Dunton should attend the July meeting.

Mr. Allen told us that Mr. Caudill has been diagnosed with cancer and is beginning to get treatments locally and will remain on the board. He is receiving treatment locally so we will be able to communicate with him as he receives his chemo and radiation treatments.

Mr. Allen moved that the minutes be accepted and the motion was seconded and approved.

Mr. Allen stated that we have an opportunity for guests to address the board and asked Ms. Eva Hill to make her presentation. Ms. Hill asked if the board should first finish the discussion of financials and Mr. Allen agreed that if Ms. Hill could wait, we could follow the agenda.

Mr. Allen stated that he spoke to Mr.; Caudill and he said the financial reports are in order. He continued to say that the delinquent accounts are all being addressed with the exception on one that is on the list in error and has been corrected. The most flagrant delinquent account has been addressed by Mt. Scott Alexander and the District Court has issued a judgment in favor of the STEP Association, but getting any money out of the homeowner will be difficult. However his house is up for sale and we still have a lien on the property.

Mr. Weiss asked at what point does the Board ask Mr. Alexander to apply a lien. Mr. Allen replied that after the owner has accrued a negative balance of \$500.00. Often, the delinquent account pays off the amount owed and then falls back into a delinquent state. He stated that we send three letters from the management company and then it is turned over to Mr. Alexander who applies a lien.

Mr. Williams brought up a point raised by Mr. Caudill related to the reserve account which has fallen to about \$68,000 and should be at a minimum of \$80,000. He suggested that we might have to consider an assessment. Mr. Weiss asked if the Association was bound by statute to a minimum reserve amount and Mr. Allen replied that we were not. The law applies to condominium associations.

The meeting moved to Operations. Mr. Allen stated that he had spoken to Mr. Tanner regarding the Mag Meter and Mr. Tanner said he was still working on the issue. Mr. Allen suggested that we should contact Mr. Fetters and discuss replacing the present meter with a new meter. Mr. Williams indicated that he would contact him and set up a separate meeting. Hopefully before the 15th of July. Mr. Allen added that the meter should be a City of Gig Harbor compatible meter.

Ms. Hill then began her presentation. She stated that Mr. Jensen presented his report to Nancy Darling at the State department of health and reported that she was cautiously optimistic especially since some of the test holes remained dry throughout the winter.

Since there were some marginal areas where the soil is shallow, before hitting hard pan this issue could present a problem if we load it with water. Mr. Allen asked if Ms. Darling was aware that there was additional acreage available from the Morrison plat that we might be able to obtain. Ms. Hill stated that she was not and that if we needed the additional acreage we would first have to approach Mr. Morrison to see if he was interested in selling a parcel. She went on to state that because Mr. Morrison had logged the land, he had a seven year moratorium before he could begin to develop it so he might be interested in selling a piece if we needed it.

She continued to state that we would need to begin to discuss the project with a hydro-geologist. Ms. Hill said that there are two firms that do this work and that she would speak to them. The board members asked Ms. Hill to develop a RFP to present to the hydro-geologist for a bid. She stated that she would begin the process.

Mr. Allen asked if Ms. Hill had sufficient funds to do this work and Ms. Hill indicated, after checking her records that she had sufficient funds left in the LOSS project to do the work.

Ms. Hill stated that once the hydro-geologist has done his work we can begin to have the preliminary engineering work done to see how the system should be build. She added that the last piece of the project will be a mounding (contour) analysis to see how the property naturally drained.

Mr. Weiss, referring back to the minutes, stated that Mr. Jensen stated that the winter water study and the mounding study would cost on the high side \$27,000. Mr. Jensen went on to say that the engineering plan would cost about \$12,000 plus about \$3,000-

\$4,000 for the abstract. Ms. Hill stated that this is less than the \$50,000 that she has budgeted for the entire project including some legal expenses, if we have an issue with the City to resolve. She added that she would ask Mr. Jensen for assistance in developing the RFP.

Ms. Hill then began to report on a discussion with Andy () from Drain Pro regarding the ground water intrusion issue. She said that Andy felt that that Andy felt that regardless of how this played out we should address the ground water issue, not by going into everyone's yard to check their septic system for leaks, but instead installing flow meters on everyone's outflow line into the STEP system. She stated that this would require us to read the meters, but it would give the Board the actual flow data from each member's system that we could use to not only bill from, but we could use the data to inform members that they had a high level of ground water intrusion based on a comparison to their water consumption. This would allow the members to own the issue of getting their septic systems repaired to eliminate the water intrusion to lower their STEP bills. In addition, the total of the readings from the individual flow meters should directly correspond with the amount of effluent that the City says they are receiving through the readings on the Mag Meter.

Ms. Hill added that by installing the individual flow meters, the STEP Board would have a continual monitoring process so if something did happen to a member's septic system and it began leaking ground water we would be able to raise their usage rates and suggest that they have their system inspected.

A discussion began about the location of the flow meters in relation to the shut-off valve and the owner's property line. It was agreed that for the most part the shut-off valves are within 15 feet of the street so it would not entail going into owner's yard and digging up a large area. The discussion shifted as to how to implement the installation and how to pass on the costs. One suggestion was that we impose a surcharge to everyone and remove it when the owner demonstrated proof that their septic system had been inspected and certified that it did not have ground water leaks. Another suggestion was that we get a bid from several companies like Drain Pro to install all of the flow meters. This would provide the board with the lowest unit cost which we could then charge back to the members over a three billing cycle period of time (six months).

Mr. Allen asked Ms. Hill to explore the possibility of finding flow meters that can be read remotely rather than having to actually open the Carson box and reading the dial. She said she would discuss the issue with Andy.

Everyone was in agreement that by installing the individual flow meters we would not only have an accurate handle on the amount of effluent we were generating, but we could also develop a stratified billing system based upon actual member usage. This

would result in smaller households paying less for sewage compared to households with a larger number of family members who would pay more.

Mr. Weiss asked how we should go about doing this. Ms. Hill stated that when a municipality undertakes a project such as this they generally put the job out for bids under a RFP and see what comes in. She stated that we would have to have a schematic diagram for the installation of the meters and a street plan that showed the sites of all the individual homes and their shut-off valve locations to provide to the companies who would be bidding on the installation. Ms. Hill stated that an engineering company in Renton who did the engineering for the STEP system street lines should have the plan and that it should be accurate with the exception of the newest divisions.

Mr. Weiss made a motion that we begin preparation of an RFP for the installation of the flow meters; it was seconded by Mr. Williams. Mr. Allen said that he would explore the legal ramifications of this project and the passing on to the members the costs.

The discussion then moved to how the installs and the payment to the contractor would occur. Everyone agreed that no contractor would accept the contract if they had to receive payment from individual homeowners. The board would have to implement the contract, pay the contractor, and then back charge the members to recover the costs.

Mr. Weiss stated that the board should consider all of the issues that we have discussed including the following:

- winter water study (\$12K)
- contour study (\$15K)
- engineering plan and abstract (\$15K)
- the reserve short fall (\$12K)
- the cost of the flow meter installations (\$74,700) for 249 flow valves based on 270 members minus 24 club homes which will only require three flow valves for a total of 249 valve installations @ \$300 +/-

If the board considers all of this as one large package we could assess based on the entirety of the STEP System's financial needs.

After some discussion about the details of the project, Mr. Weiss withdrew his motion until the July meeting when the board should have more details regarding the scope of the project. It was agreed that Ms. Hill would gather the details regarding the flow meter installation project and the board members would start a conversation among themselves as to how to generate the funds that will be needed as listed above. It was estimated that the board might need as much as \$121,500 to address all of the above which would require an assessment of \$450.00 per member. It was discussed that this could be spread over six or twelve months.

Mr. Williams asked Ms. Hill if she had heard any discussion from the City regarding future annexation based on Ms. Hankin's statement at the May meeting. She replied that the City Administrator was relatively new to his position and may not have known what had taken place in the past. She stated that she had been responsible for putting the last application together from Canterwood for annexation and that it was a complex application. She said that if the process was underway she would have heard something. She did state that Mr. Morrison had hired Mr. Mike Wilson who used to be the City Administrator to start the wheels rolling with regard to getting Morrison's 40 acre parcel incorporated into the City because it is not worth sitting part of Pierce County. Mr. Allen stated that the City limits come up to the Canterwood boundaries at the south and move north on both the east and west sides of Canterwood. Mr. Allen felt that based on the Growth Management Act the City will have to annex Canterwood as it moves continually north. This will take some time but he stated that he could not see a way for the City to avoid the annexation.

The next item for discussion was Mr. Weiss's draft letter to the members regarding the state of the STEP System. Mr. Weiss stated that we should consider redrafting the letter and omitting the ground water intrusion issue which he said he would have completed by the July meeting for board review.

The meeting was adjourned at 6:00 pm.