

STEP Board Meeting
October 5, 2013
Minutes

The meeting was called to order at 7:50 am.

In attendance were Directors Mr. Allen, Mr. Caudill, Mr. Pruitt, Mr. Sadoian, and Mr. Weiss. Mr. Williams was absent.

Mr. Weiss began the meeting with a brief review of the covenant documents specifically the board's authority to make improvements to the STEP system without a vote of the members and that we had the ability to bill on metered water usage. Mr. Caudill stated that we should follow Mr. Pruitt's guidance regarding a determination of our ability to establish a unit volume and then bill on how many units of water (effluent) are used.

Mr. Weiss asked if we could review a conversation that he had just had with Mr. Pruitt. Mr. Weiss asked Mr. Pruitt to go over it and Mr. Pruitt asked Mr. Weiss to do so. Essentially, the conversation centered around how much the LOSS would actually cost to build and assuming that the company would want to make a 10% return on their investment, it is possible that the cost to members would not be lower than the \$110.00/ month that they are presently paying. If Mr. Tanner stated that he would sell the land for \$300,000-\$400,000 plus the cost of the actual LOSS construction which could be \$2.5 - \$3.0 million. At that rate it would not be practical financially to go forward with the LOSS.

Mr. Caudill stated that he felt we should follow Mr. Pruitt's lead and have him speak to Mr. Roberts to get a legal clarification. He also stated that we should sit down with a company like NW Cascade to actually see if it is financially feasible. Mr. Allen raised the issue about how other cities were handling LOSS operations. Mr. Caudill stated that it would be very costly for the city to place sewers in Canterwood which could result in a huge assessment to residents of Canterwood for the new sewers. Mr. Caudill stated that he agreed with Mr. Pruitt that we need to determine the costs from Ms. Hill and then proceed even if it means not moving forward on the hydro geologist study.

Mr. Pruitt asked if we were up to the fight to get everyone inspected and repaired if we had 10% of the members refusing to have it done. Mr. Pruitt suggested that it might be more prudent to install flow meters. Mr. Weiss stated that it would cost about \$205,000 to install the flow meters and we would have to have all of the money before we could proceed. In order to be reasonable to the members, we would have to spread the assessment over a year, which would be close to a \$1,000. Even with the flow meters in place, it would still not get our ground water intrusion under control this winter, which Darryl Winans was adamant that we do this winter.

Mr. Caudill stated that he believed that the city has been giving us a hall pass and that we need to show good faith to both Darryl Winans and Lisa Krasas that we are doing something about the intrusion.

Mr. Weiss made a motion that we proceed with the plan to proceed with the inspect/repair/certify proposal. There was a conversation regarding flow meters and hour meters to get to a billing issue based on water use/ effluent production. Mr. Caudill seconded the motion and it was unanimously approved.

The conversation then moved to the Mag Meter repair. Mr. Weiss stated that he would speak to Ms. Hill to get a new vendor to make the repairs if Nathan Stout cannot fit it into his schedule. Mr. Caudill added that she should keep Darryl Winans in the loop to work with the vendor.

Mr. Caudill stated that he thought it was necessary to have the inspection include the back flow valves and the shut off valves. Mr. Weiss said that he would create an inspection protocol for the vendors and invite the three vendors to the October meeting to review our expectations.

Mr. Weiss reviewed the letter he received from the HOA regarding their concerns about the added work they have had to do because of the STEP. Because the HOA no longer wants to allow us to send emails, we will have to find a way to do it ourselves.

Mr. Weiss then asked if we should proceed with the \$270.00 assessment. Mr. Caudill stated that when Mr. Hondorp was here he felt that at \$80,000 we were under reserved. There was some discussion about what we had said to the members at the meeting about the fact that we would be spending \$31,000 for the winter water studies and the contour analysis. The conclusion was that we had significant leeway and if we did not do the LOSS we could place it in the reserves.

Mr. Weiss stated that he would speak to Ms. Hill about determining the LOSS capacity including Division 12 if we eliminated our ground water intrusion. Mr. Weiss added that he communicated with Steve Tyson about speaking to Christy Iverson at Penn Light in order to get monthly water use reports to give to the city.

In conclusion it was agreed that Mr. Weiss would speak to Ms. Hill about getting a vendor who can do the Mag Meter work within the next two weeks. He would also ask her to get estimates from companies who build LOSS operations regarding costs. He said he would draft the letter to members regarding the two proposals and develop an inspection protocol and invite the three vendors to the next board meeting in October. He would speak to Russ Tanner about establishing a price for the land. He stated that he was planning to meet with Christy Iverson about the water meter readings next week. Mr. Pruitt stated he would contact Mark Roberts in an attempt to clarify the language regarding our ability to bill on water usage.