

CANTERWOOD STEP SYSTEM ASSOCIATION

Minutes of Meeting of the Board of Directors

Date: January 17, 2023

Board Members Present: Ken Sadoian, Dan Lott, Joe Tellez, Rich Richardson

The meeting was called to order by President Ken Sadoian at 2:10 PM

Additions to the Agenda: None.

Welcome of New Members: New Board Members (still to be elected) Joe Tellez and Rich Richardson were in attendance. They were given hard copies of the following documents:

STEP System Association Bylaws
STEP System Association Articles of Incorporation
STEP System Association CC&R's

Additional documents including the Agreement with the City of Gig Harbor will be provided electronically and/or can be easily accessed on the STEP website.

Financials:

- Reviewed the first 5 pages of the STEP System monthly financials for December 2022 (note that this is the public portion of the monthly financials and which are also posted on the STEP System website).
- **Treasurer's Report:** financials for December were determined to be in order. One note was that we had small deficit for the year (about \$7000) and should consider an increase in the bi-monthly fee to make up for the deficit (see "**Bi-monthly charge to members**" below).
- **2022 Budget:** Mr. Sadoian to send out copies of the budget from 2022. This will be used as the basis for developing the 2023 budget and help determine the amount of the bi-monthly fee increase (if any) for 2023. Mr. Sadoian will also request a preliminary budget sheet for 2023 from Kalles (Debbie Rench) that will include the actuals for 2023.
- **City Billing:** Handed out the latest billing from the City of Gig Harbor and noted that it is based on the actual volume of our effluent as measured by the Mag Meter located at the tail end of our system. It was also noted that being outside of the City limits we are charged a 50% surcharge by the City as are all entities outside the City limits that send their sewerage to the City Water Treatment Plant.
- **Bi-Monthly Charge to Members:**

- The current bi-monthly fee is \$180 and has been at this level since 2015 after the water intrusion tests and subsequent repairs of each homeowners STEP equipment which reduced overall sewerage flow rates by up to 50%. The bi-monthly fee before that was as high as \$210. The Board will need to discuss over the next few meetings whether to increase the rate based on any recent increase in the City rates and the development of the 2023 STEP budget. Since the rate was set at \$180, the City has increased rates several times by 3-5%.

Administrative:

- **Board Member Responsibilities:** reviewed the main board member responsibilities which is to oversee the management and maintenance of the STEP System. This includes both financial aspects and physical maintenance of the common STEP system equipment. Homeowner is responsible for the STEP equipment on their property up to the shutoff valve at/near the street.
- **Service Provided by Kalles (our management company):**
 - Provides accounting and financial management services.
 - Pays all our bills (with prior or separate Board approval)
 - Sends out bi-monthly invoices (for those paying by check)
 - Manages our banking through Alliance Association Bank
 - Keeps updated member and contact list as they are notified of all sales and purchases of homes on the STEP System. This is supposed to be done in escrow.
 - Can be utilized to send out mailings to all STEP Association members.
 - Our direct contact at Kalles is Debbie Rench. Best way to contact her is by email: debbie@kalles.cm.com.
- **Relationship with City of Gig Harbor:** the agreement between the STEP System and the City sets the terms for the City taking our effluent and processing at the City Water Treating Plant. Objective is to operate the system in a manner that satisfies the City's requirements. City personnel will read the flow meter on a bi-monthly basis and bill us accordingly. The billing invoices are sent to Kalles for payment. Superintendent of the Water Treating plant is Darryl Winans.
- **Relationship with Canterwood Development Co. (now Canterwood Commercial):** there are still common areas in Canterwood that are owned/controlled by Canterwood Development/Canterwood Commercial. Some involve STEP equipment/property. Will provide more information on this subject at subsequent meetings. I'm not sure if negotiations are complete yet between the HOA and Canterwood Development/Commercial regarding property originally owned by Canterwood Development and not yet turned over to the HOA. We will need to review further with Canterwood Commercial regarding division of responsibilities for the STEP System and Canterwood Commercial for STEP/sewer piping on property owned by Canterwood Commercial.

- **STEP System – STEP Board Insurance:** our insurance coverage is through American Family Insurance and our agent is Tim Lopez here in Gig Harbor. **Mr. Sadoian will provide a copy of the policy to the new Board members.**
 - **Coverages – Directors & Officers Liability:** \$2,000,000/\$2,000,000
 - Deductible - \$1,000
 - Property Damage Liability:
 - Limit per Occurrence- \$2,000,000
 - Aggregate Limit - \$4,000,000
 - Deductible - None
 - Medical Expense - \$10,000 max
- **STEP Website:** developed by former STEP Board member and President Steve Muretta who now lives in Arizona. Website address is: www.canterwoodstep.org. We are officially Canterwood STEP System Association, Divisions 4-11 & 14. Division 12 has its own similar website also developed by Steve Muretta. New board members are encouraged to access the website to become familiar with its contents if they haven't already. Mr. Sadoian will need to get access to the Directors Page for them through Mr. Muretta.
- **Division 12 STEP:** all homes in Division 12 including Forrest Village built by Rush Construction. There are about 72 homes in Division 12 which is managed separately from our System. Lynn Singleton is the current President of Division 12 STEP System.
- **STEP Members List:** the list is kept and updated by our management company (Kalles). **Mr. Sadoian will get a copy of the current list and provide electronically to the other Board members.**

Board Elections:

- Board members will serve 2- or 3-year terms. Terms should be staggered so that all don't end at once. For upcoming elections, the proposal is 2-year terms for Mr. Sadoian and Mr. Lott and 3-year terms for Mr. Tellez, Mr. Richardson and a 3rd new member yet to be determined.
- Need to fill one more Board position. Hopefully, we can recruit a volunteer soon.
- Boards Position: President, Vice President, Treasurer, Secretary. It is proposed to determine who will fill the individual positions after Board member elections.

Operations/Maintenance:

- **Service Companies:** the four service companies that primarily service Canterwood (both STEP and septic systems) are:
 - Flohawks
 - Drain-Pro
 - Hemleys
 - Aadvanced

Flohawks, Drain-Pro and Hemleys have been working in Canterwood for many years. Aadvanced entered the Canterwood market in force about 5 or 6 years ago. Division 12 has a close working relationship with them and in fact have entered into an agreement with them to provide reduced maintenance costs for their members. **It is recommended that we talk to Aadvanced to also work out a similar agreement for our STEP members.**

- **STEP System Review:** reviewed the STEP system for the new Board members. Responsibility (maintenance and management) of the STEP system includes all the sewer lines in the street and associated equipment, chemical injection facility (currently inactive), flow meter and aerator located at the end of the system before our effluent flows into the combined flow Canterwood sewer line that eventually flows to the City sewer line under Canterwood Blvd. This combined line includes effluent from Division 12 STEP, the Division 11A Rush homes just inside the Baker gate and the Division 11B Garrett homes off of W. Old Stump Dr. An 8-1/2 x 11 copy of the overall utility system drawing for Canterwood that includes the STEP system lines was handed out. **Mr. Sadoian will send out the electronic copy to each Board member.**

Individual homeowners are responsible for all STEP equipment on their property up to their shutoff valve at the street. The website gives a good description of the STEP equipment on each property although there may be some differences depending on when the property was built. The original design was provided by Orenco. Note that Division 14, just inside the Baker gate on the right, uses a grinder pump design and is not a true STEP. This system uses only one tank and all effluent passes through the grinder pump under level control.

- **Review of Recent Issues Requiring Repairs & Expense:**
 - **Leak in Sewer Line Overpressure Equipment:** this equipment acts as a relief valve for the STEP sewer lines in case of an overpressure situation due to a line blockage or sudden surge in pressure. These are placed at strategic locations along the sewer piping. The one located at the corner of 45th Ave Ct NW and Towhee Dr developed a leak in April of 2022. The equipment was initially misidentified as a homeowner shutoff valve and as a result the homeowner incurred some expense in the attempt to repair the leak. The initial service company (Drain-Pro) hired initially did not make a successful repair. This resulted in other service companies being involved leading to the conclusion that the issue was with STEP System piping. This resulted in

additional expense for the homeowner. Ultimately Drain-Pro fixed the problem after repairing with the proper pressure fittings and piping. The original attempt used non pressurized fittings and thus was doomed to fail and leak. Total cost incurred by the homeowner was \$1484.02 and has been reimbursed by the STEP System Association. An attempt is being made to get some of this cost back to the STEP System from Drain-Pro particularly the amount charged (\$697.13) by another service company (FloHawks) which was due to the failure of the initial attempt to fix the leak by Drain-Pro.

○ **Aerator Plugging issue:**

- Around October 15, 2022, Mr. Sadoian checked out the fenced in area on Baker way that houses the STEP System vault which includes the STEP effluent flow meter and the aerator. From there our effluent flows into the combined 8” sewer line that leaves the Canterwood property to connect to the City sewer line that runs under Canterwood Blvd. The reason for the check was that a sewer odor was detected the day before. When looking through the chain link portion of the fence it was noticed that sewerage was overflowing the aerator onto the ground. The situation was monitored over the next couple of days and the flow found to be sporadic. The preliminary determination was that the flow out of the aerator was likely restricted such that during periods of higher flow rates the aerator would fill up and overflow. As a result, FloHawks was initially called out to try to flush out the aerator using high pressure water.
- This initial attempt to stop the overflow was made on October 21. At first it looked like this worked, but within a day the aerator began to overflow again. FloHawks was called out a second time on October 24 to again try to flush out the aerator. After over an hour of trying the work was stopped as this method did not seem to be working. In fact, it seemed to be making it worse. Finally had Aadvanced come out on October 28. After about 4 hours on site of continuing to try to flush out the aertor (which was unsuccessful), the decision was made to pull out the internals of the aerator. Once this was done, the effluent was easily able to flow through the now open aerator into the main sewer line. This also allowed determination of the issue and why high-pressure water flushing was unsuccessful.
- The effluent actually exits the aerator through a series of 3/8” holes around the outer diameter of the aerator. The flow had to first flow down an 8” perforated tube and then overflow to the outside diameter of the tube and then out the bottom of the aerator through the 3/8” holes. It turns out these holes had become almost totally plugged with

debris consisting of paper like material and solids (probably sulfur compounds). It was also found that it was not possible to clean out these holes from the top of the aerator as there was a baffle around the outside diameter of the 8” perforated tube about half-way down the aerator blocking flow from the top. Source of the paper like material found plugging the holes is likely from the 17 Division 14 Homes inside the Baker Gate that have grinder pumps and do not separate solids from the effluent before flowing into the STEP System piping. The other solids material found is likely due to buildup over the 25-plus years the aerator has been in operation without any previous cleaning.

- Costs for the services performed by FloHawks & Aadvanced are summarized as follows:

• Flohawks (10/21/22) –	\$1434.51
• Flohawks (10/25/22) –	\$1821.96
• Aadvanced (10/28/22) –	\$7895.34
▪ Total	\$11,151.81

- **Projects Identified in 2017/2018:**

- **Parametrix Study and Testing:** The Board hired Parametrix in 2017 to determine the levels of hydrogen sulfide generation that result in odor escaping from the system and manhole corrosion issues in the combined gravity sewer line system. The inspection include inspection all accessible manholes to determine the condition due to corrosion.

- **Results of the Parametrix Testing and Inspection**

Measured hydrogen sulfide levels at the aerator were somewhat higher compared to those measured at the Division 12 aerator. The difference is apparently because Division 12 injects their system with sodium hypochlorite to reduce hydrogen sulfide formation while for our STEP system the chemical injection system was inactivated around 2014.

To reduce our hydrogen sulfide levels it was recommended to refurbish our injection facilities and convert to sodium hypochlorite as our chemical injection agent (similar to Division 12).

Inspection of several manholes (6 total) in the gravity portion of the overall Canterwood sewer system to assess for corrosion damage due to extended hydrogen sulfide exposure was also done by Parametrix. Varying degrees of corrosion were found, but all determined to be repairable. Recommendation was to reline the manholes with anticorrosion coating to reduce/prevent corrosion damage.

Of the manholes inspected, none should be the sole responsibility for the STEP System to repair as either our sewerage either doesn't flow through them or combined sewerage from other areas of Canterwood (e.g. Division 12) also flow through them. It should have partial responsibility to maintain Manholes 1 & 2 only in the combined gravity line to the city sewer line under Canterwood Blvd.

▪ **Chemical Injection Tank, Pump & Flow Meter Refurbishing/Upgrade:**

- No work has been done to date on the refurbishing of this equipment to inject sodium hypochlorite.
- **Recommendations/Path Forward:** Mr. Sadoian believes the system should be tested again for hydrogen sulfide and the pertinent manholes be reinspected for corrosion before proceeding further. One objective would be to see if the effluent from Division 14 which uses grinder pumps has resulted in lower hydrogen sulfide levels. This was the main reason the grinder pump system was used for Division 14 at the urging of the City of Gig Harbor Water Treating Department. We will need to get bids from one or more companies to do this work if we decide to proceed.
- **Exercising of Street Isolation Valves:** this work is overdue and was last done in 2019 by DrainPro. However, since DrainPro botched part of the job in 2019, the Board should seriously consider another company to perform this service.
- **Mag Meter:** the City has requested that we change the units of the readout of the meter. It currently reads in cubic feet. The City would prefer it reads in 100's of cubic feet. That way they don't have to make the conversion for billing purposes. The plumber (Nathan Stout) who installed the equipment was contacted about doing this in 2019. He was unavailable at the time. **Mr. Sadoian will plan to recontact him to see if he is available and/or get a recommendation from him for someone else to perform this task.**

Other Business:

- **Annexation & Canterwood STEP System:** Mr. Sadoian and Mr. Lott reviewed the efforts over the past several years to get Canterwood annexed to the City of Gig Harbor led by John Morrison who owns 40 acres of land directly adjacent to Canterwood. Mr. Morrison was a principal in the original company (Lorigan) that

started the Canterwood development which was succeeded in the mid 90's by Canterwood Development Company. At one time Mr. Morrison lived in Canterwood and currently owns a lot on West old Stump Drive. Mr. Morrison believes that annexation of Canterwood by Gig Harbor would be beneficial to him developing his property particularly with respect to sewage disposal. One aim of his efforts was/is to get the support of the Canterwood STEP Systems that would possibly benefit by a significant reduction in sewerage processing rates. The City currently adds a 50% surcharge on all sewerage charges for residents outside the city limits. The STEP system Association has fought this in the past but without success as the City has legal precedent on their side. So far, the Board has resisted this effort and believes that everyone should decide for themselves on the advantages/disadvantages of annexation (refer to the HOA Annexation Committee Report from 2018). It is not the business of the STEP Board as a whole to take a position on this issue other than to state the identified pros and cons. In addition, the City has no current interest in annexing Canterwood as it had and still has many other pressing issues to address.

- **Updating of STEP System Drawings:** The Board needs to work with our part-time consultant, Eva Hill, and an engineering firm to review and update the STEP System drawings as needed. This would include incorporating the newer Division 14 homes into the Utility System Composite Map originally drawn by Dowl Engineers or prepare a separate overall map specific for the STEP System(s).
- **Meet With Canterwood Commercial:** Canterwood Commercial is the successor company to Canterwood Development Company which is either now dissolved or mainly defunct now that I believe they have settled with the HOA on control on Canterwood common areas that were controlled by Canterwood Development. The Board or Board representatives need to meet with Greg Parker (President of Canterwood Commercial) to discuss our current and future relationship with regard to common sewer systems within Canterwood that we previously operated jointly with Canterwood Development. Canterwood Commercial also holds the remaining handful of STEP System connections. The Board needs to decide if we should buy these remaining connections from them. Mr. Sadoian will contact Mr. Parker to set up a meeting at a convenient time for both parties.
- **Delinquent Accounts/Collections:** the list of delinquent accounts is included in the monthly financials prepared by Kalles. Those accounts more than one billing period in arrears are considered delinquent. Accounts more than 30 days late are charged a \$25 late fee on a monthly basis until the account is brought up to date. Warning notices are sent out and accounts more than 2 billing cycles late are issued final warning notices before the account is turned over to our collections attorney. Most

delinquent accounts are brought up to date after receiving the letter from the attorney. Our largest long-standing delinquent account is nearing \$17,000 and will likely only be collected on sale of the home which is apparently currently being rented out.

- Our current collections attorney is Scott Alexander here in Gig Harbor. He formerly also worked for the HOA who has since switched to a more aggressive collections attorney.
- **Annual Meeting:** for the last number of years, the Board has issued an annual information letter to the membership in lieu on an Annual Meeting which have historically been very poorly attended. At some point we should probably try to have another Annual Meeting. If we have one this year, a suggested time would be October.

Next Meeting: Preliminarily set for Tuesday February 21 from 2-4 PM in the HOA building conference room (subsequently changed to Tuesday March 21 from 2-4 PM due to Board member conflicts and conference room availability).

Meeting was adjourned at 4:10 PM

Approved: March 21, 2023