



Eastsound Water

Board Report for February 15, 2022, 4:00 PM

MINUTES EDITION

Eastsound Water Users Association

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General Manager

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Minute Notes

Board meeting called to order at 4:05 PM, Tuesday February 15, 2022. Members present were Steve Smith, Scott Lancaster, Clyde Duke, Tenar Hall, Jim Nelson. Joseph Cohen noted that he would be showing up late. Johnnie Welch was not present at role but did arrive soon after 4.

Smith called to ratify the Board Minutes from January. Motion was made by Duke and seconded by Lancaster. The minutes were approved as written.

Employee Housing

Minute Notes

Smith raised issue about following up our purchase of an EV that we needed an Employee Housing measure backed with a rental policy.

Smith made a motion to set a rental policy at:

< 30 days no rent

> 30 days a rental fee of \$200/mo will be charged

Seconded by Duke. Board approved unanimously.

Minute Notes

Board reviewed the current employee housing crisis on the island for both us and the community and discussed the idea of doing more development on our existing properties.

The group is very interested in being a part of the solution for ourselves and the island.

Lancaster: Yes, agrees to developing and open to building more units for community

Hall: Yes, agrees to developing and open to building more units for community

Nelson: Yes, agrees to developing and open to building more units for community

Duke: Yes, agrees to developing and open to building more units for community

Cohen: Yes, agrees to developing and open to building more units for community

Welsh: Yes, agrees to developing and open to building more units for community

Smith: Yes, agrees to developing and open to building more units for community

The group is open, and only agree to do more research at this point. Duke offered for all to visit his unit on Lover's Lane as a potential solution.

Minute Notes

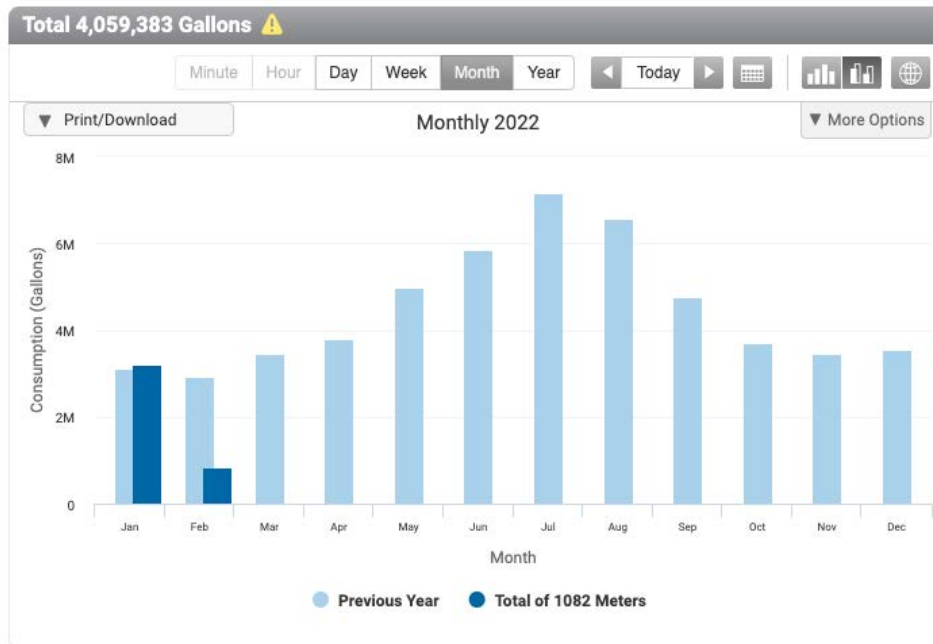
Lancaster brought up trailers on properties and governance of the IU/consumption due to the housing crisis.

WATER CONSUMPTION

The charts below are for both commercial and residential accounts with comparisons to the previous year.

Total Water Consumption

Month-to-Month Comparison of 2022 to 2021.



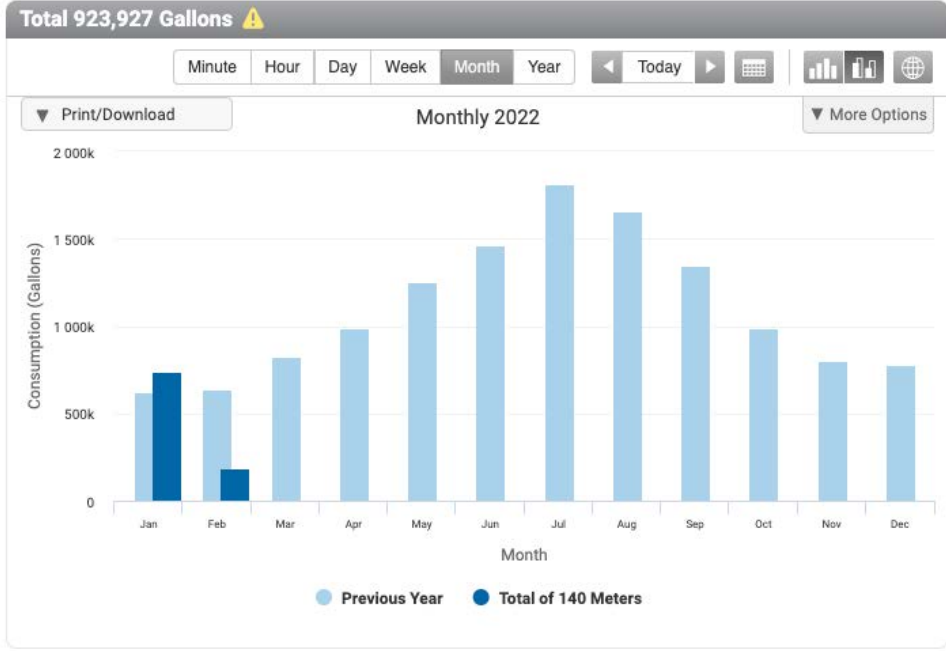
Residential Water Use

Month-to-Month Comparison of 2022 to 2021.



Commercial Water Use

Month-to-Month Comparison of 2022 to 2021.



Annual Consumption

Below is our yearly water consumption for reference.



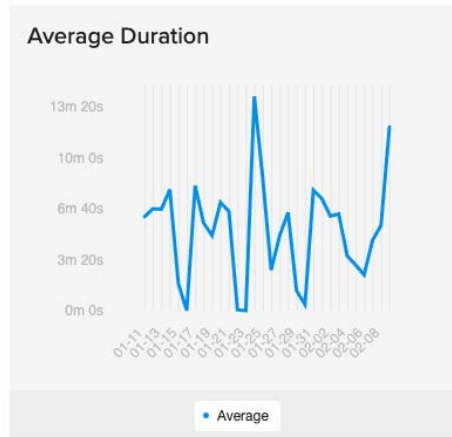
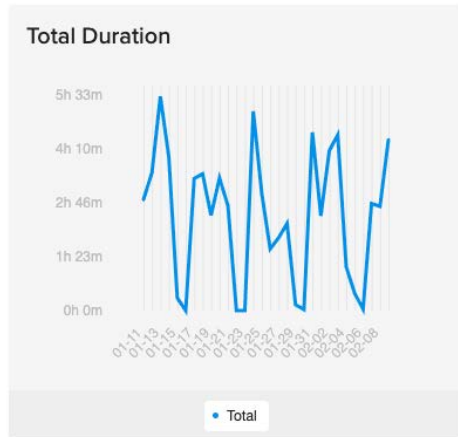
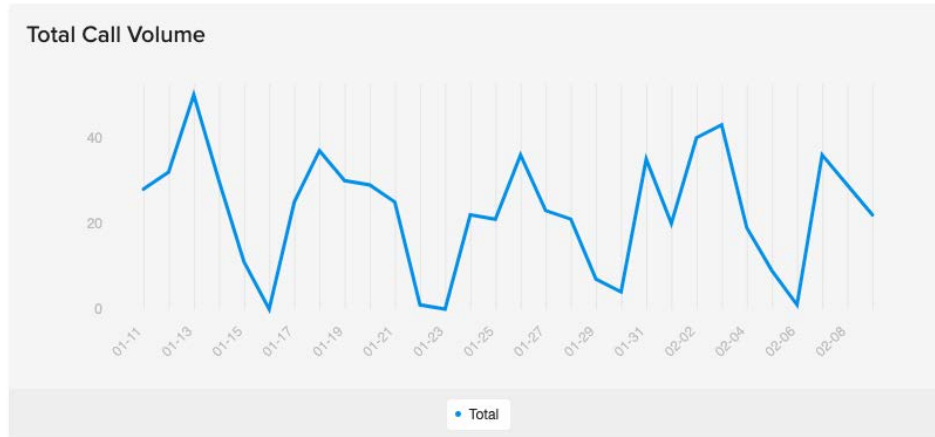
MEMBERSHIP

Call Volume

Below are the inbound and outbound call statistics for the past 30 days to give you an idea of the volume we receive, and the amount of time we spend on each call.

Summary Report

January 11, 2022 to February 9, 2022 ▾



Text Volume (Email/Webform)

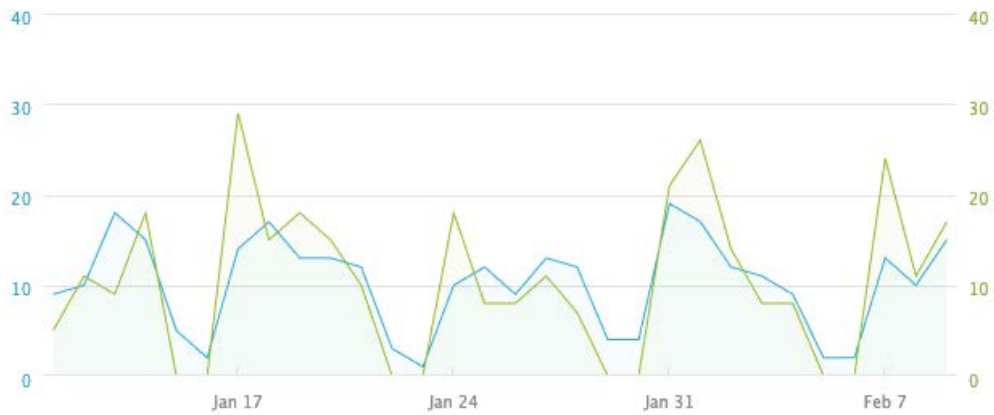
Our case ticketing system allows the team to track and manage inbound and outbound customer inquiries. Data for the past 30 days are as follows:

Reporting period: Last 30 days

Ticket Stats

306 New Tickets (total)	311 Solved Tickets (total)	47 Backlog (current)	558 Agent Touches (total)	0% Satisfaction Rating (average)	143.91 hrs First Reply Time (average)
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Compare key metrics for your Zendesk

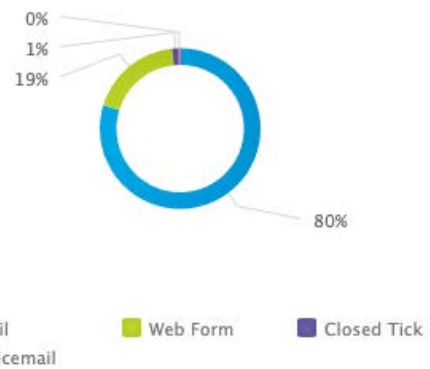


Top Agents

Tickets solved Satisfaction Touches

Kim Mason	254
Cory Harrington	24
Dan Burke	18
Sam Prado	15

Tickets by Channels



Membership Activity

New IU Sales:

No new membership sales in January.

IU Upgrades:

No new upgrade sales in January.

Hookups:

1/13/22	Haley Winchell	271424011000	05-1340	Docs Signed	Hookup Paid	Mbsp Paid	53 Wild Turkey Run
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Transfers:

Closing (Recording) Date	Location No.	Service Address	Impact Units	Previous Member	Prospective Member
1/13/2022	06-0377	61 Candlewood Lane	1	Hankinson	D'Aquilante
1/18/2022	04-0850	410 Prune Alley	1.75	CTO Properties, LLC	Brown Dog Holdings, LLC
1/19/2022	05-1458	Lot 4 Wild Turkey Run	1	CRR, LLC	Nicholas Negulescu
1/19/2022	05-1459	Lot 5 Wild Turkey Run	1	CRR, LLC	Nicholas Negulescu
1/26/2022	09-0230	212 Marilee Lane	1	Lynn Garwood	Danelle Bregant
1/31/2022	02-0342	272 Twigs Lane	1	Perry Pruett	Logan Luft
1/31/2022	02-1330	105 Alder	1	Snitzi Island	Herlihy & Leck

PROJECTS

Chlorine Generation

We are up and running with the chlorine machine and we are using it for all of our chlorine needs at the Blanchard site (aggregated wells 5, 7 and 12). The chlorine room is almost done being painted and perfected. We will have an open house for the Board soon; stay tuned!

Clark Well

We have two fronts going with the Clark Well – Water Quality Testing and Wellhouse and Site Construction.

Water Quality Testing

We have been waiting on setting a power meter at the Clark site and have been delayed due to weather and Kevin Loomis' schedule. Kevin will be setting the meter base, but Eastsound Water needs to hire a directional driller to get across the street to the Clark site.

Wellhouse and Site Construction

Our contract with HDR has been signed! Their team of project experts showed up on site Friday February 11, 2022 for their first visit. They are eager to make this project happen and have been great to work with to date. First items up and the building footprint for permitting, and the sizing of the well pump to use for testing and production.

Water Service Plan (WSP)

Wilson Engineering continues to make progress on the WSP using the hydraulic model as a guide. Chapter Drafts currently in our hands and the part responsible:

Chapter 1: Dan Burke

Chapter 2: Wilson Engineering

Chapter 3: Wilson Engineering

Chapter 4: Wilson Engineering

Chapter 5: Wilson Engineering

Chapter 7: Wilson Engineering

Laura Rensberry, Sam Prado and Dan Burke have been meeting with Wilson regularly and are answering questions and editing the document. Progress is very tangible at this point and the team is excited about the progress.

Super-Chlorinating Well 12



Well 12 started to diminish in performance so the crew geared up for a routine shock-chlorination. Performance of this well dropped to the mid-30's in gpm, indicating it was time for a cleaning. After a 2-day treatment, the well is producing almost 50 gpm, and is back to its old self. This was a good maintenance practice and will now become part of our regular process for maintaining our wells.

Main Flushing Month!

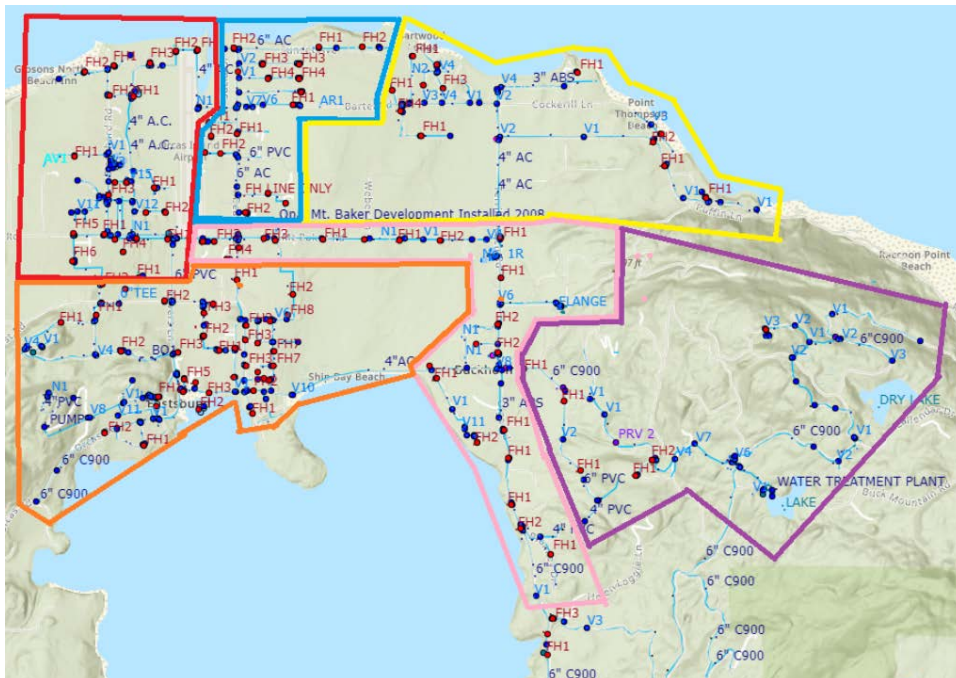


Generally, our Mains have not been flushed in over 10 years. There were a few pushes in the history files for flushing segments, but overall, the system is over-due for cleaning.

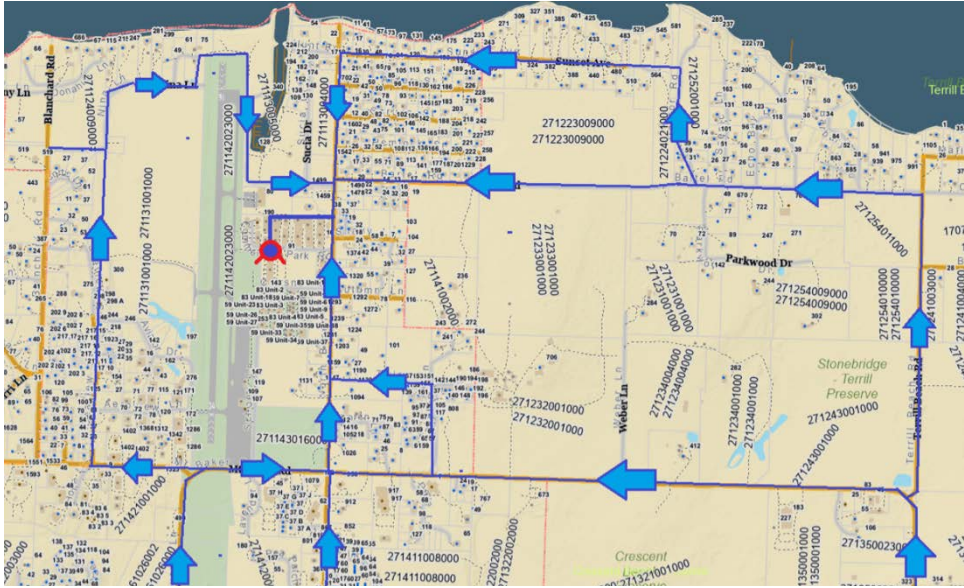
What can happen when a Main has not been flushed is blockage, growth of organics and the ability for bad bacteria to grow – potentially causing our customers harm. A byproduct of the above is sending more chlorine down the line to battle such organics as well.

Because of this, and the system-wide tank cleaning that was done in 2021, the team felt that this was the perfect time to flush the entire system, end-to-end. We will attempt to flush the entire system in 2022.

Below are a few maps the team generated for the flush program:



Main Flushing Sections



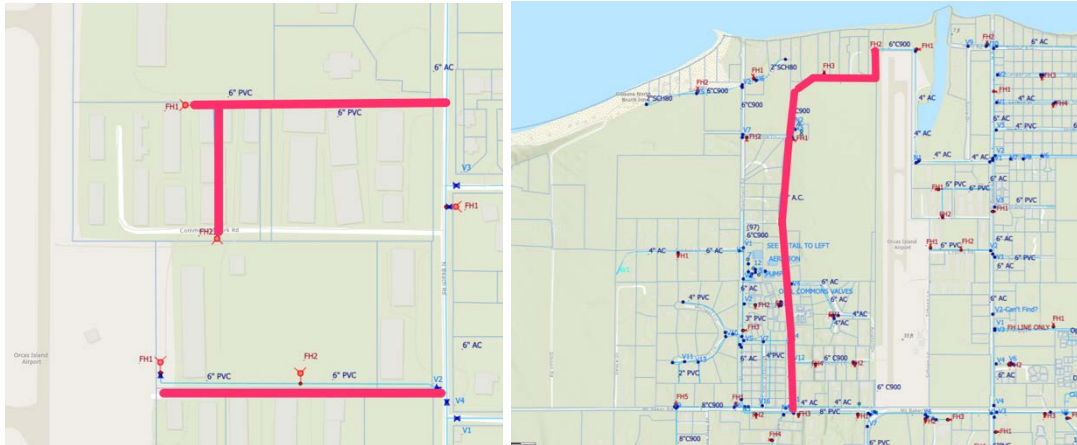
Main Flushing Directions

As of this report, there have been two segments flushed so far: Commercial and Seaview/Nina Ln. Below are photos from the flushing events:



Iron parts of pipes and rust from them. Fire hydrants and other iron fixtures accumulate rust and that breaks loose in the process of flushing.

The Main flushing routes we flushed so far are:



In the past when flushing the Mains, there was no de-chlorinator used in the flushing process, which sends chlorinated water (at about 1.0 – 1.4 ppm) into the environment. The requirement from DOE and DOH is to always de-chlorinate main flushing water. With the purchase of a \$1,200 diffuser and de-chlorinator that hooks right up the back of our trucks, we now meet compliance (FYI, you de-chlorinate by using vitamin C tablets).

Blanchard Yard Cleanup of 2021



The team's moral is as high as ever and workplace pride is very noticeable. Please stop by when you are driving around town and see the progress. We hope you will be impressed!

ADMINISTRATIVE UPDATE

New Base Rates Are Now Live!



Getting new base rates into the existing system required the following:

- Year-end meter reads for any meter not reporting in December (about 150) by the Field Team
- Manually entering them into the billing system
- Running a month-by-month report for every drop of water used by a meter, the summing them for review
- Reviewing the Beacon data against the billing data and looking line by line for anomalies
- Reviewing the 2020 usage and base-rate data against the 2021 billing data and looking line by line for anomalies
- Researching the Routs and Class codes for every account
- Calculating the new base rates with the following formula: $=IF(Q850<32800,41,(Q850/12)*0.015)$
- Normalize monthly vs quarterly billing customers
- Vet the entire upload sheet among a 5-person workgroup
- Upload the document and send out February billing on time!

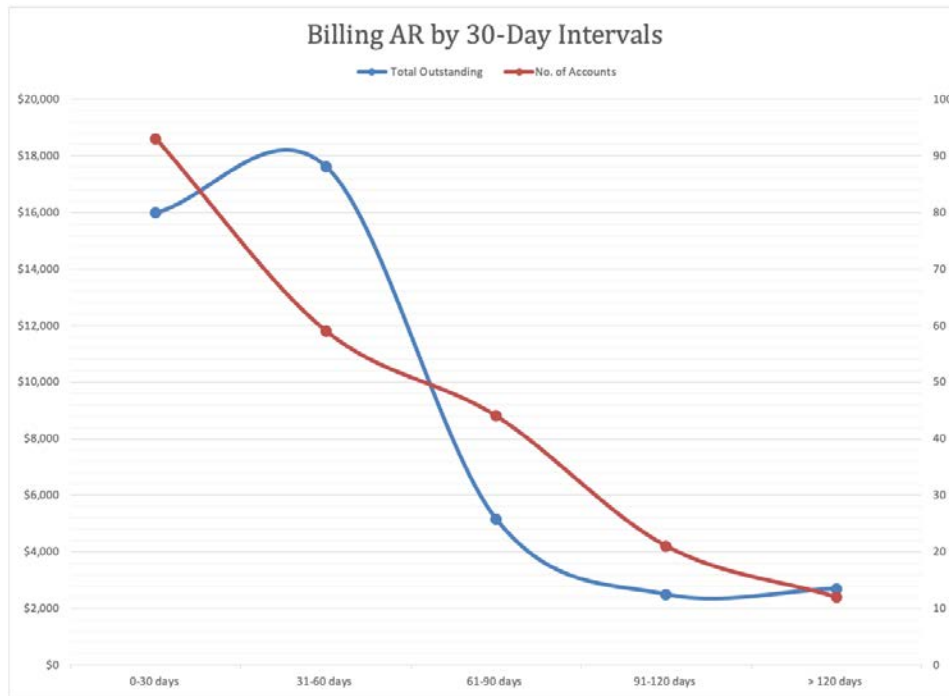
February billing **went out on time**, and we achieved our goal of updating the 2022 billing year in the system. We are not sure if the process is going to be much different with Caselle. The core problem we have is with the method we use for charging base rates. No system we vetted allows for every customer to have their own base rate – in the rest of the water world, base rates are usually charged to classes of customers – or tiers, and usually not more than 5 in total.

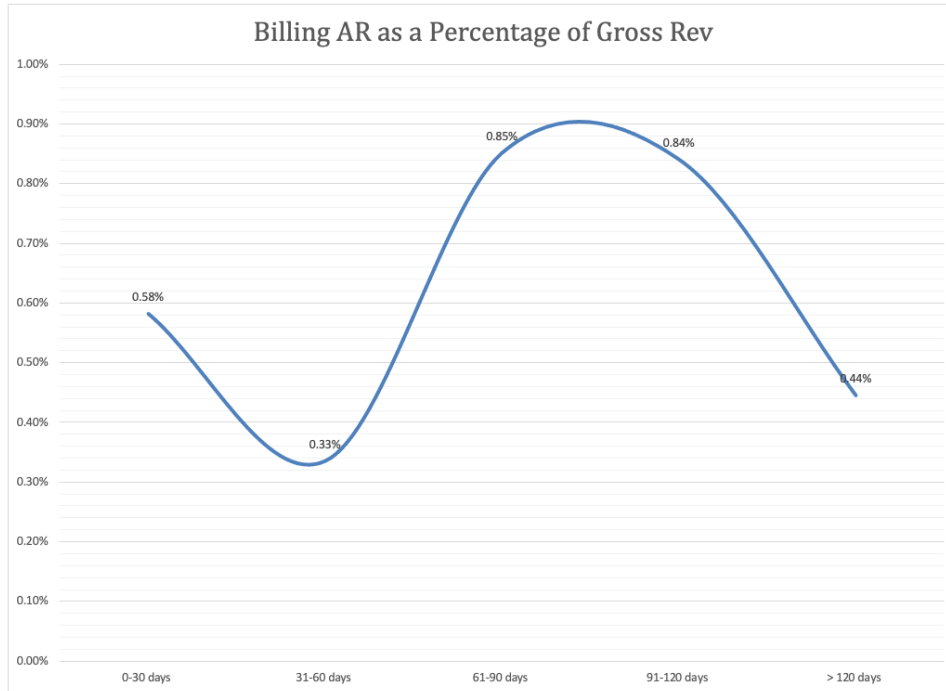
Water Consumption AR

Below is a table of the amount of outstanding Water Billing AR we had as of the latest billing period. There has been an amazing amount of recovery over the past few months of AR due directly to the diligence of Kim and Cory.

A policy-compliant regiment (late fees, phone calls, shutoff notices) has been in effect since November 1, 2021, and has been working well to help reduce this amount.

Here is the detail from February billing:





This month's data is very skewed due to the following:

- April's Grove was not billed for the last two quarters of 2021 due to a misread of the several meters there: \$10,300
- We had a late ACH transfer due to changing banks from Banner to WaFd. This transition is still in process as there requires more steps in the billing system, and with the banks to be able to port all inbound funds from the billing system to WaFd. This delay in receiving funds added thousands of dollars to the < 30 days late. No customers were charged late fees – the only material effect this had was on this report
- Removing the amount owed in the < 30 days late cohort gives us about \$28k of accounts receivable in total which is more in line with last month, and the current trajectory of our collection's recovery program.

Eastsound Water Users Association
2/9/22

AR by Age	0-30 days	31-60 days	61-90 days	91-120 days	> 120 days	Balance
MU/MUD + Penalty	10,739	4,807	34	17	1,145	16,742
RES ACTIVE + Misc.	80	1,542	3,381	1,185	338	6,526
RES ACTIVE Penalty	1,184	-	136	85	-	1,405
RES INACT + Penalty	3,183	570	68	376	228	4,425
NONRES ACT + Penalty	353	1,109	112	112	-	1,686
NONRES INACT	-	76	-	-	-	76
DIRECT BILL	-	112	-	-	64	176
19MONCONS	-	460	35	18	-	513
19QTRLYCONS + Deferal Pro	445	8,948	1,400	705	923	12,421
Total Outstanding	15,984	17,624	5,166	2,498	2,698	43,970
No. of Accounts	93	59	44	21	12	229
Percentage of Gross Rev	0.58%	0.33%	0.85%	0.84%	0.44%	0.52%

Victory Hill Hookup

There was a nice hookup opportunity for the Victory Hill development. Michael Brennan upgraded his IUs before selling the development to the Schillings, so this routine hookup required manifolding one main tap, and building three meters. The exercise provided a great training experience for our newer operators Grace and Michelle.



Other System Discussions

DBWUA

We have had great communication with the DBWUA Board liaison, Ted Wixom. We have a list of wants/needs to make the process of managing the system easier. These have all been approved and we are moving forward with getting things setup for better management.

Olga Water

Burke met with the Olga Water Users Board of Directors on Tuesday, February 8, 2022 at 5:00 PM. Burke gave the OWUI Board a sobering overview of the previous month's findings. He mentioned the system was "wholly in disrepair," with three main categories of concern:

- Low/no and expired chemicals
- Improper SCADA information and automation
- Outdated equipment to test and measure water quality

Burk requested about \$8,000 of budget to clean up the situation and the Board approved the request. All-in-all, while there has been a bit of surprise to all involved, solutions are on the way and smooth skies are viewable from here.

Spring Point

Nothing to report with Spring Point this month.

Burke was contacted by Cayou Valley water system to discuss an O&M opportunity. Burke had a productive discussion with them and mentioned that there may be some synergy if we take on Spring Point some point in the future.

Washington Water

Nothing to report with Washington Water this month.

Appendix A: Membership Request

Catastrophic Leak Appeal

Peter Venturi
378 Bromley, 06-0850

Peter Venturi bought 378 Bromley, 06-0850, V034 on November 8, 2021. He just received his first bill from us, so he doesn't have history of usage. The usage was only from the catastrophic leak of 70,933 gallons for a total of \$1,561.85. The water was turned off by the field team on January 5. He was alerted the same day and Peter came up promptly and hired a contractor to make repairs for the total of \$5,500.

He has been very appreciative of Eastsound Water and has repeatedly thanked the team for the heads up from them.

It is recommended that we honor his request and forgive half of the water cost of \$780.92.



Minute Notes

Board reviewed the recommendation per staff's description. Board recognized that there were two issues on the table: 1) the current appeal. 2) a policy revisit.

- 1) Lancaster motions to accept staff recommendation and wants to make sure we forgive both the current water rate and the water usage for the following year's base rate calculation. Duke seconds. Motion passed unanimously.
- 2) Burke was asked to modify policy to be reviewed by the Board at March's Board meeting.

Appendix B: Financial Reporting Schedule

Quarterly Financial Reports

Q1: May Board Meeting

Q2: August Board Meeting

Q3: November Board Meeting

Q4: *February Board Meeting – delayed until March*

Year-End Financial Report

Presented at March Board Meeting

Two-Year Budget and Planning Reviews

FYs 2021 – 2022: Review at July’s 2021 meeting, review re-cast Operational and Capital Budgets

FYs 2023 – 2024: Review at October’s 2022 meeting, review Operational and Capital Budgets

Annual Revolving Items

Annual Insurance Review: December

Minute Notes

Board requested that we add the monthly reporting of financials in Board packets (P&L and Balance Sheet).