

CRUMBACHER ESTATES OWNERS ASSOCIATION

COMMUNITY NEWSLETTER - FEBRUARY, 2011

WHY A NEWSLETTER?

There has been a good deal of activity going on this year in the Crumbacher Estates Owners Association, and while a newsletter has not been circulated for many years, your elected board is looking for the most effective means of keeping everyone "in the know." It was felt that perhaps compiling information in a newsletter format might make things more readable, while at the same time, simplifying and streamlining the meeting minutes into a more concise representation of board decisions. While we aren't ready to commit to making this a monthly effort, we anticipate preparing a newsletter whenever there seems to be enough news to fill it. Please let us know if you appreciate getting information in this way – your feedback is very important to us. Contact information is provided at the end of the letter.

WATER USE EFFICIENCY

In September, 2003, the Washington State Legislature enacted a bill known as the Municipal Water Law. This law gave greater flexibility to public water systems in delivering water to customers, and provided protection for the water rights. However, the law was challenged, and some sections were invalidated by King County Superior Court on June 11, 2008. Since that time, the statutes have not been in effect while the court case was in progress.

On October 28, 2010, the Washington State Supreme Court affirmed the constitutionality of the Municipal Water Law, and subsequently, all of the suspended requirements of the law have now gone into effect. These new requirements will have an impact on how the Crumbacher board administers the water system, and will inevitably result in higher operating and infrastructure costs for all of us. However, with proper management, they will also provide us greater flexibility and opportunities for additional revenue.

The law allows systems to expand water use outside of the original boundaries determined by the water right. For example, if a system has more water held in the water right than their population can use, they can expand their system to surrounding properties or, in some cases, even lease water to existing systems in other locations. While the board currently sees no

need for this in the Crumbacher system, this law also ensures that water rights in excess of our normal usage are no longer subject to relinquishment. We do not run the risk of losing domestic water we don't use.

This may or may not be true with regard to the irrigation portion of our water rights. The board intends to meet with attorney Scott DeTro, who is an expert in water rights, to learn how this law affects Crumbacher, and what actions the board needs to take to most benefit from this new legal framework.

With this new flexibility comes new requirements. All public systems will be required to have service meters installed by January 22, 2017. Additionally, we will be required to submit an annual report of our water volume used, to set water conservation goals, and to meet a water leakage and loss standard of 10% or less. All of this will require additional time and effort, and will add to the cost of doing business.

More information about the Municipal Water Law and Water Use Efficiency requirements can be found on the Washington State Department of Health website, at: http://www.doh.wa.gov/ehp/dw/municipal_water/mw-law.htm

NEW WATER CHARGES

Installation of the new service meters could cost the association as much as \$50,000, although no firm estimated have been obtained yet. Typical installations in other systems have run between \$600 and \$1,000 per connection.

In anticipation of the water metering requirement, the board voted to include all lots, developed or vacant, in the monthly water billing, currently set at \$35.00 per month. The board has also proposed gradual increases to the water rate and the annual assessment, which, if enacted, would take effect beginning in 2012. Once meters are in place, the state will expect us to consider switching to a per gallon rate structure, so these changes are expected to be interim measures.

With these changes, our association would be well able to meet the projected costs and still maintain a comfortable balance for operating expenses. While no one likes to see costs increasing, there is no getting

around the fact that operation of this system will cost more in the near future. For years, we have relied on the good will and volunteerism of a few individuals, and this has allowed us to enjoy water rates that are artificially low. Today, with increasing requirements and fewer volunteers, we will all have to get accustomed to paying the full retail value of our water.

SIX-YEAR BUDGET DEVELOPMENT

Sound financial planning is critical to the operation of any homeowner association, and the current board is looking long-term with regard to the budget. The Washington State Department of Health requires that water systems develop a budget that extends a minimum of six years, and in the January meeting, the Crumbacher board voted to approve a six-year budget, incorporating many of the financial issues discussed above. A copy of this budget is enclosed for review.

Washington State law (RCW 64.38.025) allows an association board to pass an operating budget. The association then must be given the opportunity to oppose the budget within 90 days. The budget must be opposed by a majority of the association; otherwise the budget is automatically ratified. Ratification of the budget will take place at the regularly scheduled board meeting on February 28th, 2011 (see board meeting minutes for details). Please address any comments or questions to the board contacts listed at the end of this newsletter.

FINANCIAL REPORT

Included with this mailing is a copy of the Crumbacher financial report for calendar year 2010. The board felt that providing this information now would be more beneficial than waiting until the annual meeting in April, so that all members have an opportunity to review it in detail. If you have questions about any of the data presented, please direct them to Ken Radford, Secretary/Treasurer.

These reports were generated with the new QuickBooks Online software that we are currently using. The board has been very happy with the performance of this Internet-based program, and is confident that the monthly access fee has been well spent. The board voted unanimously to use this system, based on the following benefits:

Transparency

- Real-time access by all board officers for review of accounts and reports
- Quick preparation of data for member requests
- Direct Internet access capability by an outside accountant for bookkeeping, auditing, or tax purposes, if desired

Convenience

- Accessible from any web-connected computer, regardless of board meeting location
- Generates electronic (PDF file) reports for easy transmission, retrieval, and storage
- Smooth data transfer between boards

Security

- Limited, passcode protected access, which can be changed with each new board
- Data storage on redundant servers provides better security than home-based computers
- Data not subject to loss from fire or theft

The system recently proved beneficial in reviewing an erroneous billing that was sent to the Crumbacher Association. Several members requested account information, and were provided with a copy of a report showing payments organized by vendor. In reviewing those charges, it was discovered that a bill from Omak Machine Shop, for work performed on a neighboring water system, was mistakenly charged to our account. The bill was paid with the belief that it was for a portion of the pump repair work that had occurred in August.

The board would like to express special thanks to Warren Bunger and Gene Doner for questioning the amount, based on their experience with the water system maintenance, and bringing it to the board for resolution. The machine shop has been contacted and a credit has been issued for the full amount of the overpayment.

BOUNDARY LINE ADJUSTMENT

We are nearing completion of the boundary line adjustment project, made necessary by the discovery that our water reservoir was not entirely situated on association-owned property. This adjustment will move the north line of the pumphouse lot five feet further to the north.

The board unanimously voted to approve this expense as a means of limiting association liability. Resolving the situation now, while the affected lot is owned by amenable members, is a much better option than the

potential for future lawsuits. A very special thanks is in order for Aaron and Caryn McNair for their generous donation of the property in question to the association, and for their willingness to work cooperatively with the board.

ASSOCIATION BY-LAWS

The board has successfully completed a full revision of the Crumbacher by-laws, and they have been legally recorded with the Okanogan County Auditor's office. An official copy has been provided with this mailing, and additional copies can be requested at the numbers listed below. The document will also be available very soon in PDF format on the association website, which is currently under development. The board would like to thank Doug Hale and Ken Radford for their contributions in completing this much-needed effort.

COVENANT REVIEW

The covenants are currently being reviewed by a committee of association members, headed by Rennie McCormick. To date, about half of the document has been reviewed, with possible changes being suggested to make them simpler, more organized, and easier to enforce. The committee's goal is to have a final document ready for a ballot vote in April, but time is running short, and there is still much work to be done.

The board strongly believes that the covenants should reflect the will of the majority of owners, recognizing that they cannot be changed without a 60% vote of the membership. That's why your input is vital to the success of this effort. It's not too late to contribute suggestions to the committee, or to participate in the work. After all, if you're not happy with the covenants, it's up to you to help change them! If you'd like to get involved, please direct any comments or questions to Rennie McCormick.

WEBSITE DEVELOPMENT

We have just unveiled the new Crumbacher Estates Owners Association website, which is located at <http://www.crumbacher.net>. The board anticipates that this website will prove a valuable asset to our community, providing current and historical data and documents, as well as notification of upcoming events. It will provide yet another means of communication

between the board and the association members, and could allow for some future cost savings if members opt to get minutes and other documents exclusively in electronic format. Of course, hard copy documents will continue to be provided unless otherwise requested.

IN CLOSING

Over the past nine months, the board has worked very hard to accomplish a number of goals that we felt were vital to the operation of the association. We have enjoyed a strong spirit of dedication, cooperation, and professionalism in carrying out the business of the association, in setting and accomplishing goals, and in addressing concerns and implementing solutions for the benefit of all members.

We are very proud of the work that has been completed, and feel that we have come a long way in fulfilling our vision statement: to see Crumbacher Estates continue to thrive as "a good place to live." We hope that you share our community pride, and will continue to support the work that remains to be done.

Finally, the board would like to extend thanks to Corina Radford and Havillah Road Printing and Graphics for the donation of materials and printing services throughout the past year. This has been a substantial cost savings for the association, in light of the extra mailings our monthly meeting schedule has required.

CONTACTS

How well are we serving your needs and concerns as a member of Crumbacher Estates Owners Association? If you've been pleased with the progress made, or have ideas for further improvements in our community, why not send an email or give one of your board members a call? We truly value your input and support.

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