

Burton Water Cooperative Annual Member Meeting

March 26, 2025

7:00 to 8:30 PM

William Shadbolt, President of the Burton Water Cooperative, called the meeting to order at 7:04 PM with 24 Zoom meeting participants

William reviewed the agenda for the meeting and introduced the first speaker and topic

Planned major improvements

Ben Lee described the major improvements planned for the water system

- USDA-funded distribution system upgrades
 - Replace end of life and undersized pipe
 - Add north extension on 107th looping down to Vashon Highway
 - See the slides for the draft schedule
- Co-op funded upgrades
 - Chlorination system upgrades and north tank roof replacement
 - Booster pump to meet DOH requirement for minimum water pressure along 115th, 238th, and 107th
 - Replace remaining galvanized iron pipe in distribution system
 - Increase distribution lines size in remaining areas to meet fire flow requirements
- Additional wellfield tours will be scheduled to build community knowledge of the water system

Financial Update

Steve Hill provided a financial update - Zoom meeting up to 32 participants

- The Co-op is in good financial shape
 - We began collecting Connection Charge payments at the end of September
 - Sale closed on October 28, 2024
 - At the end of 2024 (2 months of operations):
 - We billed \$829,000 in Connection Charges and \$75,000 in other charges
 - We had \$737,000 in net income for 2024
 - We had \$629,000 in cash operating and reserve accounts, invested in FDIC insured accounts, CDs, and low-risk US Gov securities.
- Total 2025 Budget is \$543,000
 - Base and Usage charges pay for:
 - Admin and operating expenses and taxes
 - Debt service on USDA purchase loan (approx \$5500 per month)
 - Connection and Capital Improvement Charges pay for:
 - Co-op funded capital improvement projects
 - Capital Improvements reserve fund

- After USDA-funded projects are complete, Capital Improvement charges will pay for debt service on our \$3.1M USDA construction loan.
- USDA Construction Loan
 - The \$3.1M loan is approved and funds are fully obligated by USDA
 - USDA construction loan projects are scheduled to begin in the 4th quarter of 2025
 - During construction, funding is provided by a short-term prime rate interest loan from Heritage Bank
 - When construction is complete, short-term funding will be replaced by a 40-year, 3.5% interest USDA loan
 - Given the current political situation, we will continue to monitor the USDA status and make a go/no-go decision prior to committing to construction
 - Strategy to address possible loss of USDA funding:
 - Look for other sources of funds (WA DWSRF and others)
 - Prioritize, delay, and self-fund capital improvement projects through our Capital Improvements charge
- See the slides for details

Burton Water Community Fund

Merrilee Runyan and Steve Hill

- Intended to assist community members who face a hardship with the increased water fees
- An annual application is required (updated every December)
- Applicants self-certify financial eligibility for a \$60 credit per bill period
- Funded primarily by voluntary member donations with a one-time seed contribution by the co-op
- Members are encouraged to sign up for a \$5 or \$10 donation on their bi-monthly bill
 - Applications are available on the Co-op website

Washington State Department of Health Water Use Efficiency Requirements

Ben Lee presented an overview of

- the Washington State Department of Health Water Use Efficiency requirements
- Distribution System Leakage based upon data from the prior owners for 2019-2023
- the Cooperative's goal to reduce average DSL
- and the methods that will be used to attain this reduction
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This presentation to customers is required by the State DOH

The State DOH requires water systems to report water production, customer water consumption, estimated operational usage, and calculated Distribution System Leakage on an annual basis. Data provided by Burton Water Co. is contained in the following table extracted from our updated Water System Plan:

Table 2-7 Historical Distribution System Leakage

Year	Annual Production (gpy)	Annual Consumption (gpy)	Estimated Operational Usage (gpy)	DSL (gpy)	DSL (%)	Notes
2019	22,689,234	21,258,085	not reported	1,431,149	6.3%	2019-2021 Data from DOH Water Use Efficiency Forms submitted by previous owner
2020	28,021,576	26,191,186		1,830,390	6.5%	
2021	29,080,744	27,108,228		1,972,516	6.8%	
2022	31,948,576	21,532,526	6,350,000	4,066,050	12.7%	2022-2023 Data from meter records and estimates provided by previous owner
2023	33,641,300	22,590,176	6,350,000	4,701,124	14.0%	
3-year Average	31,556,873	23,743,643	6,350,000	3,579,897	11.2%	

DSL is calculated as annual water production - (customer water consumption + estimated operational usage). DSL for 2022 and 2023 was significantly above 10%, bringing the 3 year average for 2021-2023 to 11.2%. Systems with a 3-year average DSL greater than 10% are required to develop a Water Use Efficiency Plan for customer discussion.

The following WUE goal is recommended:

Reduce the 3-year average DSL leakage below 10% by 2026 and maintain a decreasing distribution system leakage (DSL) trend as a result of distribution system improvements and accurate tracking of operational usage

The Cooperative will use the following methods to reduce DSL:

1. Operational and maintenance use (e.g. flushing) will be metered and recorded.
2. Replacement of aged asbestos cement (AC) water main pipe will be accomplished.
3. Source meters and service meters will continue to be read on at least a bimonthly basis. The system operator will monitor for significant discrepancies between consumed and produced water. Service meters are installed for all connections. New connections are required to install service meters. All authorized use should be recorded so the system has a record of this usage.
4. Source meters will be checked for accuracy. Meters which are suspected on inaccurate readings shall be checked for calibration or replaced.

The proposed Water Use Efficiency Plan received positive member feedback.

Nick Simmons, Water System Manager, added that 5 customer side meters have been recently replaced which appeared to be under reporting water use. Two more customer side meters are scheduled for replacement in April. Additional wellfield meters have also been installed.

Updates will be incorporated into the final Water System Plan for the DOH.

Committee Updates (down to 31 Zoom participants)

Much of the initial research, analysis, and communication for the co-op purchase of the water system assets was performed by committees from the community. We wouldn't be where we are without their contributions. Thank you! As we move forward in the operational mode of the water system, these committees continue to play an important role, not only providing insight in their respective specialty areas, but in providing a community lens to their recommendations.

Finance Committee - Steve Hill

Four members plus Steve have begun meeting and will meet at least quarterly going forward.

Major tasks of the committee are:

Now

- Provide financial analysis for King County RoW fee
- Define accounting policies and processes

Quarterly (April, July, October, January)

- Review financial statements and budget to actual for operations
- Monitor cash flow projections for future capital improvements

Annual

- Assist Treasurer in preparation of financial reports for annual Member Meeting
- Meet with outside auditor or provide internal review in years without an external audit
- Assist Treasurer with budget preparation

As Needed

- Assist Treasurer in developing accounting structure for classifying construction costs as capital assets
- Develop an investment plan and monitor investment strategy

Additional community volunteers with finance or business experience are welcome.

Technical Committee - Norm Seethoff (formerly known as Operations Committee)

Primary roles of the committee:

- Assist with project management of capital projects
- Participate in technical analysis projects
 - Generally low in technical complexity and moderate in spreadsheet complexity
- Play an active role in business risk assessment and continuity planning
- With Membership, assist in recording easements for distribution lines in 4 areas of the system
- Assist in validating our KC RoW data so we do not overpay for RoW franchise fees

On the critical path for many of our capital projects. This is a great opportunity to participate in the community effort - please join us.

Membership Committee - Kim Von Henkle

The communication and relationship building committee

- Probably the most fun committee

Key roles are

- Newsletter publication
- Planning and communication for annual Member Meeting
- Website content updates
- Oversight of financial assistance program (Burton Water Community Fund)

Would love to have more community members join

Name the Newsletter - Ben Lee (down to 30 Zoom participants)

Names were suggested by the community

- Live poll through the end of the meeting

Report on System Conditions - Nick Simmons

Highlights

- Cross section drawing of aquifer now on website
- Water quality and usage remain consistent
- Operations have been focused on the administrative side in Q1
- Morgan, the backup operator, is planning to obtain his WDM1 license this summer
- Nick described the changes planned for the chlorination system

Regulatory compliance

- All water test results completed on time and OK
- Lead Service Line inventory not performed by previous owners and is now past due
 - Co-op will address over next few months
- WS DOH now requires PFAS testing
 - Initial test was good
 - First quarterly test due this year

Projects

- Pump house walkway replaced (under budget!)

New Co-op Website is now Live - Ben Lee

See www.burtonwater.org

Name the Newsletter Poll results - Ben Lee

27 total votes with 7 votes for "The Drip" suggested by Catherine MacNeal
Catherine wins a free coffee at the Burton Coffee Stand with the Board Member of their choice

Thank You! to community members from William Shadbolt. William personally thanked everybody that was on the Board, is on the Board, has been on a committee, is on a committee, and Nick.

Meeting adjourned at 8:34 PM by William Shadbolt

A video recording of this meeting, including slides, may be viewed at
<https://burtonwater.org/event/annual-community-meeting-march-26-2025/>

These minutes were approved by the Burton Water Cooperative Board at a meeting held on April 9, 2025, at which a quorum was present

ATTESTED BY: Norm Seethoff Apr 9, 2025

Norm Seethoff, Board Secretary