

Paradise Service Associates, Inc. (PSA)

Water Committee (W/C) Meeting, 10 AM, October 27, 2010

Location: Water Committee Chairman (W/C), Bill Davies' Home

Attending: PSA Board of Directors (BOD) and W/C members,

W/C Chairman, Bill Davies, W/C Larry Pazaski, George Young, Bob Miller

PSA Board of Directors (BOD), President, Gena Smith, PSA Board member, Merrisue Steinman

Water Committee Agenda, October 27, 2010

1. Bill Davies to report on the status of the PSA water system
2. At the request of Chairman Davies, Larry Pazaski has prepared documents for the PSA Board, and W/C, in response to an October 24, 2010 email sent from Merrisue Steinman to Northwest Water Systems President, Jon Wiley.

Following is an outline with Larry Pazaski's notes, and a list of reference materials supporting the PSA W/C position.

The Water Committee summary is a formal response to Merrisue Steinman's inquiry as to Washinton State requirements for a Class A water system and the required measures/documents necessary to protect State granted PSA water rights.

An additional concern of Merrisue Steinman, is some PSA members are upset, that a tiered water rate billing system based on water use is unacceptable.

- A. It is important that all PSA Board and committee members possess sufficient knowledge of the Paradise Service Associates, Inc Articles of Incorporation, filed with the State of Washington, January 24, 1992
- B. Specifically, Articles IV and V, detail the legal obligation of the elected PSA Board to manage the affairs of the corporation. Foremost of PSA Board objectives is to operate and maintain the PSA, privately owned, water system. Briefly stated, to supply safe and reliable drinking water to properties within the designated PSA community.
- C. The State of Washington Department of Health, Office of Drinking Water has defined regulations for the operation of a Class A water system, which due to the number of PSA properties served, PSA is rated as a Class A water system.

Page 2, PSA W/C 10/27/10

Washington State Dept. of Health (DOH), Office of Drinking Water (ODW), and Dept of Ecology provide governance over the PSA water system via the Small Water System Management Program (SWSMP) document, approved May 10, 2006. The SWSMP replaced the expired PSA Water System Plan. The 18 Element, SWSMP document is updated as changes to the water system occur. This process is managed by Northwest Water Systems, operating on a contract approved by the PSA Board.

In the folders supplied to W/C Chairman Bill Davies, and PSA BOD President, Gena Smith, will be the following documents.

1. July 8, 2006 PSA Water Report
2. August, 2006, Paradise Shore Estates water use graph comparing water consumption for the years, 1995 and 2006.
3. September 5, 1997, Howard Godat Engineering summary report to PSA water manager, Jack Fisher, stating recommended system upgrades and areas of concern.
4. June 25, 2007, State of Washington DOH, ODW regional engineer, Frank Meriwether report on adding a new south well, the need for water conservation, and other stated concerns.
4b attached to 4 6/28/2007 DOH letter granting approval to drill a new well.
5. October 25, 2010, Email letter from Northwest Water Systems, Jon Wiley, confirming PSA is granted a Water Right of 120 acre feet, as detailed in the PSA SWSMP document.
5b. attached to 5. 11/8/1985 State Dept of Ecology permit showing 120 acre feet of water per year, and 230 GPM (gallons per minute) pumped from 2 well sources.
6. March 6, 2010, PSA water system tiered water rate plan presented to PSA membership in the PSA Park.
6b. attached to 6. February 24, 2010, NWS water rate study with proposed budget sent to PSA President, Merrisue Steinman.
7. March 13, 2010, PSA President, Merrisue Steinman sends an email to NWS confirming the PSA Board voted, and approved the NWS recommended water rate plan.

8. 2009 PSA Well Log with water consumption identified for the month of July, 2009, when PSA wells pumped 3, 025,582 gallons of water during that 31 day period
9. September 2, 2010, Northwest Water Systems water billing report showing metered and billed water consumption for July & August, 2010. Converting to gallons from cubic feet, and dividing by 2, indicates a peak season, 1,464,573 gallons of water used per month. Compare this figure to July, 2009 when 3,025,582 gallons were pumped and PSA members were not billed for water usage over a flat fee.

Water conservation is evident, when a tiered water rate billing system, based on individual PSA property water consumption, is used.

Reference documents:

Paradise Estates- Small Water System Management Program

WSDOH ID #66125T May 10, 2006, revised September 20, 2006

Washington State Laws with respect to Non-Profit corporations:

This is a partial list.

State of Washington, Corporations - Board of Directors, RCW's

RCW 238.08.300 General Standards of Directors

RCW 24.03.127 – Duties of a Director

RCW 64.38.025 – Standards of Care, Restrictions, Budget

RCW 24.03.030 - Limitations