

MINUTES

Annual General Meeting

Sunday, July 30, 2023 10:40am - 1:00pm

Hacienda, 2778 Vancouver Blvd, Savary Island, BC

Present: Trustee Chair Bryan Miles, Trustee Lee Davis, Administrator Janine Reimer, and 37 others, for a total of 40 attendees.

- 1. Opening Remarks**.....Chair Bryan Miles
The Chair introduced the trustees and administrator.
- 2. Approval of the Agenda**..... Moved Dale Gregory, 2nd Mike Shanks. Carried.
- 3. Approval of AGM Minutes of 2022**..... Moved John Revitt, 2nd Jeff Isert. Carried.
- 4. Chair's Report**.....Chair Bryan Miles
Bryan summarized the year from AGM 2022 to AGM 2023 as one of the most difficult that any group of trustees and employees had dealt with. He said harassment toward employees and incidents of vilification directed at trustees and employees through social media had been an unhealthy atmosphere, contributing to the resignation of Trustee Emer Dubois.

He commented on Emer's reasoned and respectful approach to all Board issues, and said a byelection would be held later in the meeting, to fill the position.

Bryan noted that new Regional Director Jason Lennox had toured SSID's facility in early July, and that Jason seemed receptive to possible future grant requests.

Bryan introduced Flora Tremblay in absentia as SSID's new Water Sampler / Maintenance Contractor, and thanked Electrical Consultant Neil McLean for having solved generator, timer, and controller issues.

Summarizing operations, Bryan mentioned the lower tank cleaning and inspection, the tank thickness testing, and the repair of a large leak, with unfortunate air pockets and remedial flushing. He said results of the thickness test were outstanding, and recommendations were for interior re-coating in approximately 20 years.

Water consumption to end June was up 22.7% over last year, indicating more occupancy this year. Most consumption is in July and August, at about 60-65% of the year's total.

Bryan said the series of generator complaints had escalated with a demand letter from the Complainants' lawyer. As a result, SSID had hired a lawyer to ensure protection of its trustees, employees, contractors, and the water system.

Resolving the complaints had become one of the biggest uses of trustee and administrator time. Several remedial actions had already been completed, with no acknowledgement from the Complainants. There would be discussion later on steps taken so far, and additional steps for consideration.

Bryan also reminded attendees of the rejected \$482,000 grant application last year, for a solar project that would have annually reduced SSID’s generator use by 75 percent, and significantly addressed the generator complaint.

In closing, Bryan thanked fellow Trustee Lee Davis, Administrator Janine Reimer, and Systems Operator Kerby Fisher for jobs well done.

5. Bylaw Report..... Trustee Lee Davis
Trustee Lee Davis said that the Water Use and Distribution Bylaw 102 had been revised to Bylaw 132 in anticipation of future commercial use of SSID water. She explained the bylaw definition of Commercial Use as meaning the use of Improvement District water in delivery of a for-profit product or service.

Lee said there was a section in the new bylaw allowing application for a permit to have an additional service connection to a different water main or meter box than the original service connection.

Discussion.

Residents asked why there were new regulations; would there be separate or higher water rates for commercial use; what kinds of businesses might be subject to the new regulations, and might laundromats now be reconsidered.

Lee said there had been a spa request to increase water use the year prior, and that Lee too had been planning on a spa. The Improvement District had recognized the need to better define commercial use and review uses before permitting, with excess use being the main concern.

Bryan said the tax rate for commercial use would be the same as residential use, and the limit on water use was also the same. He also said that laundromats could be reconsidered.

6. Operator’s Report Trustee Lee Davis, for Operator Kerby Fisher
Lee said that SSID had 2 significant events in the past year, one being an E.coli contamination, and the other being the Brian’s Way leak. She explained that in August 2022, water samples had failed Canadian Drinking Water standards, and as a result SSID had issued a Boil Water Advisory. She noted the procedures taken to investigate and treat the contamination, including chlorination flushing through the system.

Lee said the Brian’s Way leak was discovered in late April when higher water pressure pushed leaking water up to the surface above a pipe connection. She said the site had been excavated and old connections replaced with new.

She explained that the repair work trapped air in the system, causing water pressure issues for residents, and taking some time to flush out. The water pressure was now back to normal or better.

Regarding capital projects, Lee said 2 new water connections had been added, the lower tank had been cleaned, inspected, and thickness-tested, and 2 valves had been replaced. The hydrant replacement program had been put on hold, but would resume next year with 3 new hydrants. The roof of the lower tank would be repainted this September, weather permitting.

For ongoing maintenance projects, Lee reported that all hydrants had been serviced, and 4 repainted. All valves in the system had been exercised one or more times to confirm they were in good working order. The generators had undergone monthly checks and twice-yearly servicing. The 3 air relief valves were serviced in the fall, and prioritized for replacement in 2024.

Lee said that water samples were taken monthly from 8 sample stations, and that all samples met the Guidelines for Canadian Drinking Water Quality, except the 2 samples in August last year as mentioned.

Nitrates testing had been completed every 3 months, and the full spectrum analysis had been done twice. Both tests easily passed drinking water guidelines.

The operator's report concluded that the water system was in reasonably good operating condition.

Discussion.

Residents and trustees discussed chlorination frequency, volume, and taste; cause of bacteria at the storage tank being unknown; preventive re-sealing around the tank hatch; and the suggestion of adding an air relief valve to prevent another air trap in the pipes.

A resident said he had reported a curbstop leak earlier in the year, and that it was still leaking. Bryan said the operator had been monitoring a few reported curbstop leaks, and found none to be requiring a replacement at this time, but that should there be an increase in the leak, it would be helpful to let us know.

7. Five-Year PlanChair Bryan Miles Bryan listed annual projects and their respective costs planned for 2023 through 2028.

Projects for 2023 included inspection of the lower storage tank for about \$6,600; a new drain valve for \$1,700; repair on Brian's Way at \$6000; the new silencer system at generator-1 for \$2,900; the sound-absorbing pony wall; and this fall's repainting of the lower tank roof for \$2,200.

Projects for next year would include resuming the hydrant replacement program with 3 new hydrants for \$24,000; replacing 3 air relief valves for \$5,400, and initiating the long-term funding for a new tank and valves in 2043.

Other years to 2028 included continuation of the hydrant replacement program, initiation of the gate valve replacement program, possible replacements for the pump house, golf cart, standpipes, portable generator, and security fencing.

All years included maximizing contributions to the reserves, and investigating grant accessibility.

8. 2022 Financial Statements Administrator Janine Reimer
The administrator had provided a hardcopy spreadsheet highlighting reserves, revenue, expenses, and annual surplus, for the for the years ended 2022 and 2021. She said the reserves were at \$131,000 at the end of 2022, which was up from \$123,00 the year before, with the biggest difference being in capital expenditures.

The administrator said revenues for 2022 were \$109,000, which was about \$2,300 more than the previous year, mainly because of tax increases in 2022.

The expenses in 2022 totalled \$112,000 which was about \$14,000 more in 2022 than the previous year with half of that due to our accountant increasing the depreciation of the water tanks by \$7000, and the other half due to increases in insurance and subcontractor fees.

The annual surplus at 2022 year-end was about \$12,000 less than the previous year, mainly because of higher expenses.

Discussion.

Bryan clarified that depreciation is used for valuation of assets, and is not a paid expense.

9. Appointment of the Accountant

Motion THAT SSID re-appoint DMD as the accountant for 2023.

..... Moved Rick Thaddeus, 2nd Gord Mitchell. Carried.

10. June 30 2023 compared to June 30 2022..... Administrator Janine Reimer
The administrator said reserves at the end of June 2023 were \$130,800, and at the end of June 2022 were \$130,300, so showing only a \$500 difference. Revenue was about \$17,000 more at June 30 this year than June last year mainly because of tax increases. Expenses were \$17,500 more in June this year than last mainly because of subcontract fees and lawyer's fees, and the tank cleaning project. Overall, the surplus on June 30 this year is about the same as last year, and we're right on track with the 2023 budget.

11. Motion

THAT the Financial Statements for 2022 be accepted as presented.

..... Moved Bill Duncan, 2nd Joan Vollans. Carried.

12. Asset Management Plan Administrator Janine Reimer

The administrator referred to a posted graph, explaining it was derived from an asset management online program called Waterworth. She said the software and SSID’s asset management consultant help SSID manage taxes for future capital projects to 2047.

The administrator explained the graph as showing capital projects, annual revenues and operating expenses, and the climbing cash flow line that would peak just before the \$700,000 tank project in 20 years. She said some other big expenses would be the rebuilding of the valve chamber in 2033, rebuilding of the storage shed in 2037, and a new generator-2 in 2040; and that these plans can change.

She said the data was extrapolated with a 3% inflation which was the recommendation of our consultants. If inflation were to get steeper, the data would be adjusted accordingly.

13. Complaint

13. (a) Costs..... Administrator Janine Reimer
For background, the administrator explained that the water district had 2 generators: Generator-1 in a steel soundproofed building, and Generator-2 in a chain-link building. The trustees had received 3 main complaints from the property adjacent to the lot where the generators, pumps, wells, and buildings are located.

The complaints are about noise, vibration, and diesel smell.

The original complaint had been about night-use of Generator-2, which the trustees considered resolved by a transfer switch and a timer that prevented the generator from coming on at night, and a thick rubber pad under the trailer hitch to reduce vibration. That work was completed in March 2021, and cost about \$10,000.

In July last year, the trustees received a new complaint, this time about night-use of Generator-1. This second complaint is ongoing, and three possible solutions would be discussed further later in the AGM.

The 3rd complaint, was about day-use of Generator-2, and had been resolved at no cost, by stopping the generators from alternating. As a result, Generator-1 was now doing all the pumping, every day. If Generator-1 were to fail, Generator-2 would start automatically, but for the rest of the time, Generator-2 would be sitting idle. This was not ideal for the generator, so once a month, it would have to be exercised under load for maintenance purposes.

As for solutions to the night-use of Generator-1 complaint, the administrator said that disabling both generators completely at night was not an option. At least one generator had to be ready to pump water in the event of a fire.

She said the trustees had brainstormed the Generator-1 complaint, and settled on 3 possible solutions, with estimated costs of \$3,000, \$9,000, and \$56,000.

The \$3,000 approach had just been completed on July 20. It was a complete replacement of the muffler system with a hospital-grade silencer inside the building, suspended for anti-vibration, with no metal-on-metal connections, and with a custom-fabricated 1-piece exhaust stack with no rain flap, directed away from the neighbours. There was now also a short pony-wall of rocks outside to absorb the sound of the radiator outflow. The administrator said the building is notably quieter from all sides, so might already be enough to take care of the noise complaint.

She said that if the new silencer system didn't resolve the complaint, the \$9,000 solution could be considered. It would involve filling up the tanks every night at about 7:00PM so there would be less chance of either tank calling for water in the middle of the night. This solution would require rewiring and reprogramming the system to automate the nightly procedure, but wasn't a guarantee, because there still could be an occasional nighttime generator start in the event of a water leak or equipment failure.

There was also a \$56,000 option, involving the purchase of a lithium battery bank and inverters that would be charged by generators during the day, so that at night the batteries could silently supply power to the pumps when needed. About \$20,000 of that cost would be for building a room to house the battery bank and inverters.

She said that the trustees wanted property owner feedback on these options, since all expenditures would be funded by taxes now and in future.

13. (b) Legal ConsiderationsChair Bryan Miles
The Chair said the Complainant [spouses] had retained a lawyer who submitted a demand letter to Savary Shores, so Savary Shores had to also retain a lawyer, and had incurred legal costs so far of about \$1,100.

He said that the trustees had their own legal concerns regarding their fiduciary responsibility to all SSID property owners while trying to address one property's complaint.

He said the Complainants bought their property in May 2016, adjacent to this public water utility that had always used generators for electrical power since its inception in 1980.

He explained that decisions had been made and actions taken since the first complaint in 2019 and efforts had been continuous, but that actions were limited by available funds and human resources.

He added that social media commentary was assuming the Improvement District was insensitive, negligent, and illegal—all untrue and harmful to the Improvement District's ability to manage the water system.

Discussion

There was much discussion of the \$56,000 battery bank option, particularly from the point of view of cost to each taxpayer and future environmental benefit. It was noted that this option would cost each property about \$300.

There was suggestion that a special assessment could be considered for an extra one-time levy to cover the cost.

SSID's Electrical Consultant Neil McLean answered some operational questions. He stated that using batteries for pumping was about 10% more efficient than running either generator at the low load needed to pump. Using the generator to charge batteries could reduce generator run-time hours by about 50%, and fuel use would be decreased by about 10%.

A property owner suggested that a special assessment could be considered for a one-time levy to cover the cost of this \$56,000 option as a starting point for a possible future Solar Powered Water System.

A property owner asked about whether there had been decibel readings. Bryan gave rough figures from a cell phone decibel app, and noted that cell phones were not appropriate for accurately measuring decibels.

Regarding SSID's water supply in the event of fire, the first Complainant spouse cited the Water Use Bylaw section that reads there is no guarantee of water. He also said that supplying water was only a portion of firefighting, and advised that a concern about fire would be better addressed by encouraging more enrollment of firefighters to improve the insurance protection rating; and by encouraging residents to follow Fire Smart practices.

Bryan said the ability to provide water was SSID's only responsibility in the event of fire; and the fire department roster was not the responsibility of SSID trustees; and FireSmart promotion was already being done by others.

The other Complainant spouse reminded Bryan that in 2019 he had sent an email calling her complaints rants, and saying they should not be responded to by trustees or employees. Bryan admitted to having sent the email in error, but having reflected on it many times since, considered his response legitimate.

The Complainant asked for generator-2 to be fitted with an exhaust treatment. Bryan said it could be considered.

The Complainant asked to be notified in advance anytime there would be a maintenance run of generator-2 so that she could leave her property for the duration. Bryan said that would not be practical.

The first Complainant spouse said that they were unable to get responses from trustees. Trustee Lee Davis explained that since the Complainants had engaged a lawyer, the trustees had to also engage a lawyer, and would accept communications through the Complainants' lawyer.

Property owners asked for more opportunity for input into the complaint issue and its options, possibly through email. The administrator asked the attendees if they would be open to receiving more MailChimp emails than they do now, and there were no objections.

A resident proposed that the complaint could not be solved in this meeting. The Chair agreed to move on to the next agenda item.

14. Trustee Election..... Administrator Janine Reimer
The administrator said there would be 2 elections to fill 2 trustee positions. She said Bryan Miles’s 3-year term would expire that day and that he had put his name forward for another 3-year term. Emer Dubois was stepping down after 2 years of her 3-year term, so a byelection would fill the 1 year remaining, which would conclude at next year’s AGM.

14. (a) Byelection
The administrator called for nominations. Larry Vollens nominated Alain Bouffard, and Bryan Miles nominated Brent Brucker. Alain addressed the attendees, regarding his interest in running. Bryan read a statement prepared by Brent, as Brent had been unable to attend. The vote was completed, and Brent Brucker was elected as the one-year term trustee.

14. (b) Three-year term
The administrator called for nominations. Lee Davis nominated Bryan Miles. There being no further nominations, the administrator announced that Bryan Miles was acclaimed for another 3-year term.

15. Trustee Remuneration
First noting that the volunteer situation had become onerous, property owner John Revitt moved: THAT the administrator pay each sitting trustee a stipend of \$600 for the year of service from this year forward, and that if the trustee’s term is shortened for any reason, the stipend will be prorated and payable to the end of the month in which the trustee last served.
..... Moved John Revitt, 2nd Joan Vollens.

Discussion.
A resident asked how the amount had been determined. John said it would help cover expenses and time. There being no further discussion.....Motion carried.

16. Additional Remarks
Steve Strenja said SSID’s complaint process should be improved.
Sharon DiSantos thanked the trustees for their work.

17. AdjournmentMoved Chair Bryan Miles.
Adjourned 1:00pm.