



Lummi Island Scenic Estates



Annual General Meeting of the Membership – September 23, 2023

Annual Reports from the President and Directors of Lummi Island Scenic Estates

President's Report: Jim Coats, President

This past year, October 2022 – September 2023, will undoubtedly have some of the most far-reaching effects on our neighborhood of Scenic Estates since its inception in 1962. The first sixty years have served us well. Our water is perennially excellent, the marina has hosted innumerable craft over the years, the clubhouse continues to be a source of joy and contemplation, and the swim lake still rings with the sounds of laughing children. Our amenities are simple and functional, and after five decades, each needs help in its own way. As the current stewards of this land, we are responsible for maintaining the features that make Scenic Estates an inviting and pleasant place to live. Those of us who live here now are literally shaping the next fifty years of our home.

The Board of Directors has spent much of the past year dealing with two projects of great importance to our community – the Clubhouse and the water plant. An engineering firm established a couple of years ago that the southeast corner of the Clubhouse foundation had become vulnerable because of erosion. Though the corner was not in imminent danger of collapse at that time, the firm could not project stability beyond maybe two years. Geoffrey Chaucer first reminded us back in the 14th century that “Time and Tide wait for no man,” so we set about researching fixes and repairs. This year we were able to land a construction firm and establish funding to circumvent a catastrophic mishap. The building permit has finally been approved by the county, and construction on the Clubhouse foundation will commence soon.

The larger of the two projects – replacing the water treatment plant -- has been in the works for a few years. The Department of Health mandated that we replace our current water treatment plant with a newer, superior design. Our current plant still produces good, delicious drinking water. However, DOH standards have changed over the years, and our system now struggles to meet some targets, primarily in the area of turbidity. The planning phase of the new Membrane Treatment Plant is nearing completion, and we will soon be entering the construction phase. The main unit will be built adjacent to the water towers, set back several feet from the road. This project is more than a treatment plant housed within a simple shed. It involves quite a bit of excavation, hundreds of feet of piping, new pumps, building materials storage, and, most of all, a huge amount of patience. It will also require a large amount of money. The Board of Directors is attempting to secure a very low interest USDA Rural Development loan to be spread over the next forty years. In this way, the burden of payment will be shared with future community members over several decades.

The Board has been very active in several other areas as well. While Operations has featured most prominently in our planning and actions, the Administrative wing has made tremendous headway into addressing and cleaning up chronically delinquent accounts. Privacy laws prevent disclosure of many details, but suffice it to say that the fiscal albatross of unpaid debts around our collective necks is decreasing at a remarkable pace. In addition, the Administrative end of the Board has continued to work with our governing documents to make sure our messages are accurate and consistent throughout the Articles of Incorporation, Bylaws, Rules and Regulations, Multiple Lot Use, and Policy Statements.

The Communications section of the Board has continued to provide excellent information for all members who wish to know what's going on. The newsletter comes out regularly to keep people apprised of significant details concerning our neighborhood and its Board. We hold forums to discuss weighty decisions that may be in the offing; our Board of Directors meetings are hybrid affairs – ZOOM and in-person – and continue to be recorded and posted online; and we provide overviews and links to give our friends and neighbors every opportunity to be as well informed as they care to be.

On the financial front, our Finance division has worked throughout the year to keep Scenic Estates fiscally healthy. We have secured much more favorable returns on our investments, and our expenditures are closely monitored. Of course, this type of activity is part and parcel of the responsibilities of the position, but it is a relief to all of us that our finances are in pro-active, capable hands.

So, this past year has been a very busy and successful one. As the current stewards of Scenic Estates, every one of us is helping to ensure that our special neighborhood will continue to thrive for the next generation and longer. We mustn't allow ourselves to overlook the beauty and wonder of our home, and we must continue to work hard to keep this sanctuary in place.



Administration / Properties Report David Canterman, Chair

When I became chairman of LISE's Properties Committee, our new committee was tasked with bringing delinquent LISE accounts current. There were 11 delinquent accounts. Some of these accounts had multiple lots and unpaid dues on the properties going back many years.

In addition, the committee was tasked with handling properties from two delinquent accounts that were acquired by LISE earlier this year, bypassing the expensive and time-consuming foreclosure process. The Board authorized our committee to offer these properties for sale. We contacted a local realtor on Lummi to determine the value. Based on the recommended selling price, the properties were offered for sale and buyers were found. Both of the properties sold and, after real estate commissions and closing costs, a total of \$15,469.11 was netted.

Three of the 11 delinquent accounts paid their past dues in full, which included payments of all back dues, interest penalties and legal fees. Another delinquent account paid \$5,000 and agreed to make 12 monthly payments until the account is paid in full. They are current on the agreed upon monthly payments. The total received from the 4 accounts is \$25,982.63.

In July, the Superior Court of the State of Washington awarded LISE a judgment totaling \$170,827.00 on one of the delinquent accounts. This judgment included past dues, interest and legal fees on an account comprised of multiple lots and unpaid dues owed for numerous years. The judgment against the delinquent account is on appeal in Superior Court. A ruling on this appeal is expected soon. If the judgment is upheld, LISE will foreclose on the properties and list them for sale. Once the properties are sold and if the amount received is less than what is owed, a legal process will begin to attempt to recover the additional money owed.

We now are down to 5 delinquent accounts. We are either beginning or continuing the foreclosure process on 4 of these, and one is on a temporary hold. All monies collected go into our General Fund and are available for infrastructure improvements, routine maintenance and repairs and/or to provide additional reserve funding contributions.

IMPORTANT NOTE TO LISE PROPERTY OWNERS

If you are having financial difficulties and not able to pay your annual dues in full, PLEASE reach out to Allison and LISE. LISE will work with you to set up an affordable payment plan. This will prevent you being responsible for legal fees, interest payments and possibly having your property Foreclosed upon.

LISE Treasurer's Report Lisa Machalski, LISE Treasurer

The budget for 2024 results in no change to the members dues and contributes the recommended amount based on the Reserve Study. We are working on the loan application for the water system as well as fixing the Clubhouse foundation.

Many past due receivables have either been collected or are in process of litigation.

Operations and Water Report Tim Robison, Chair

It has been another challenging and interesting year as we continue to address important infrastructure and operations issues and provide opportunities for staff development which is important to the future of our community.

Kevin Southworth, our Operations Manager has been working with Nick Kluge, Assistant Operations Manager and Justin Swaen to pass on his many years of institutional knowledge, under the direction of General Manager Allison Cash. August marked an important milestone when Justin became a Water Plant Operator Level 1 and is now able to run the water plant independently, without supervision. Our water plant and distribution system are in good hands. In addition to running the water treatment plant, staff works on repairs and maintenance activities throughout Scenic Estates - everything from simpler things such as repairing a leak, installing dog poop poles, and mowing grass to more complex things such as repairing the boat ramp or finding solutions to aquatic plant growth in the swim lake.

Members of the Water Committee, Mark Davis, a Chemical Engineer and Linda Mortensen a Water Quality Consultant bring important experience and insight to planning, evaluation and problem solving. The LISE staff is always included in Water Committee meetings to ensure open communication.

Water loss from the distribution system remains a concern. Much of our system is of old cement AC pipes which are prone to cracking as they age and tree roots are a particular problem. Even newer PVC pipes are subject to damage. Older connections from distribution lines to water meters were often made with thin wall pipe which can be problematic. This is a major concern for the Water Committee, and we are looking at geo-mapping as an analytic tool to manage water loss.

Water quality testing looks at what is occurring with nutrients and chlorophyll in our reservoir. Over time, this brings understanding of the natural process and of algae growth and its effect on turbidity. A floating gangway is needed to replace the use of the rowboat to provide proper access to the reservoir and to the water intake pumps.

Whatcom County has issued the Building Permit for the Clubhouse foundation restoration work. Prior to its issuance, we had to resolve a more complicated Shoreline Exemption Permit. The County determined that FEMA flood maps place the Clubhouse in the coastal flood zone. This was resolved with only a few inches of height to spare by survey and satellite based height measurements and required submission of a Letter Of Map Adjustment. Once we got the Shoreline Exemption Permit, the Building Permit proceeded without difficulty, although it took longer than originally expected. Our contractor, RAM Construction is working to provide a schedule update, but it is expected that construction will begin later this year - stay tuned!

The new water plant planning and design contract with Wilson Engineering is being closely monitored by the Water Committee and staff. The Water Committee has received and reviewed the 30% design and engineering plan and we have discussed it in detail together with Wilson. Design options are being explored with an eye on potential cost saving alternatives while preserving high quality water, plant reliability and backup systems in the event of power outages and other emergency situations. Ultimately this will be a matter of balancing costs, Department of Health and other regulations and quality engineering.

Our water system and great amenities continue to serve our community well.

Vice President's Report Jeff Smith V.P./Secty, Comm. Chair

Since the last Annual General Meeting of the membership here in Scenic Estates, much has happened. We have made some large decisions on issues that affect all members. That, in and of itself isn't particularly unique; that's the function of a board of directors. But looking back from the perspective of the V.P. / Secretary of our non-profit organization and particularly as the Communication Chair, it looks to me that we have done it in a manner somewhat unique to decisions taken in the recent past.

We are a very diverse community of individuals. Lummi Island Scenic Estates is situated on the side of a mountain, in the midst of a second-growth forest. Our residents are retired, working daily or somewhere in between. With 400 lots we are far and away the island's largest community. Some members reside within the community and some in at least two countries and several different states. Hybrid meetings and community forums available online have meant that more members can attend, observe and participate in our meetings. This brings more opinions and concerns to the attention of the entire membership and allows better informed decisions on critical issues.

We have held three community forums on issues that either require a vote of the membership to enact or will benefit from the direct input of community members to bring aspects of the issue into focus for the board. Participation in these forums has been good, with more members attending or observing in each of the three. It has also resulted in a better process, and more equitable resolution of issues to the benefit of all.

Within the scope of better communication fall two other items: the lisecc.com website and our community newsletter. The website, while certainly not new, presents much information of value to the membership. There's more than a general description of the amenities here. Regular updates keep the information current. The home page always has the date, log-in links and the agenda for the next Board of Directors meeting. Pull-down menus give

access to the LISECC Governing documents – the Bylaws, Articles of Incorporation, Rules and Regulations, Covenants and Policy Statements all reside there along with much, much more. The minutes of meetings are there, along with recordings of the proceedings that were remotely available via Zoom. If you'd like to review operations reports, www.lisecc.com is the place to go. Please use it as the resource it is intended to be.

The LISE newsletter strives to supply information of interest to the membership. It is, as always, a work in progress. It is only as valuable as the information it conveys. The newsletter is available to subscribers by request only. Your name can only be added to the list if you go to the website and locate the box on the home page labeled "Get Member Email Alerts". Fill in the information and click the Sign Up button. By law, the process is by opt-in. While no one is supposed to enter the information for you, we can walk you through the process if necessary. Contact the business office for assistance.

Please don't hesitate to let the editor know if there's something you'd like to include. Contact information appears at the bottom of every issue – or just send an email to secretary@lisecc.com.

Lummi Island Scenic Estates is in the process of completing several major projects – the water treatment plant, now well into the design stage, is going to require the attention of all to get to the finish line. The clubhouse renovations are now fully permitted by the county and ready to begin construction. Ours is a 60+ year old community, so infrastructure maintenance and upgrades will be demanding more attention as time rolls on. Effective communication is only going to become more important to ensure that critical decisions that impact us all are made with input from membership.

Communication is a two-way street – it only works with both a sender and a receiver. The roles are reversible, but require a commitment to discussion to work best. It is gratifying to see that participation in our community. It's another way we keep our corner of the island a beautiful place to live.

