

## **CAMANO COOPERATIVE WATER & POWER COMPANY**

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Fellow Shareholders,

The Annual Shareholder's Meeting of the Camano Cooperative Water & Power Company is on Saturday, November 16th at 10:00 am. In anticipation of our meeting, I offer these perspectives for your review.

### **DWSRF Loans**

The Washington Department of Health has approved our loan applications for three of our capital projects from the Drinking Water State Revolving Fund (DWSRF). These loans are provided with payment terms that typically extend over 20 years at a low interest rate. Consequently, capital projects that would otherwise have been delayed due to the availability of capital expense funding can now proceed. This is a substantial and positive development for the Cooperative.

Furthermore, the Board has resolved that the current quarterly State Loan Repayment dues will not be impacted this fiscal year as a result of the new loans. The dues will thus not be increased beyond the previously planned bi-yearly increases. This decision is subject to annual review by the Finance Committee and Board of Trustees.

### **Capital Projects**

The capital projects portfolio managed by the Cooperative has grown in the last year.

Kevin King, the board trustee leading the Capital Projects Committee, has continued to provide excellent oversight and visibility to the board. Kevin will have an opportunity to review the projects at our annual meeting. That said, here are a few highlights:

#### **Chapman Creek Culvert Main Replacement**

Our engineer, Dale Buys from Reichhardt & Ebe Engineering, worked closely with the Island County teams responsible for planning the Chapman Creek Culvert replacement and designed an efficient and cost-effective way to remove and replace the water main along Chapman Road affected by the construction. We are happy to declare this project completed!

## **New Well (DWSRF)**

The New Well project aims to enhance the redundancy of our water system. The New Well will be drilled at the Brennick Reservoir Site and has secured funding from the DWSRF. We have engaged a consultant to facilitate communication with the DOH and have commenced the application for water rights. AESI, the hydrologist leading the project, has furnished technical details for the bid packages and identified potential well drillers. The bidding process is closely aligned with the loan requirements of the DWSRF and will be finalized within the next few months.

## **Camano View / Seamist (DWSRF)**

Due to numerous leaks in the galvanized pipe main along Rutland Place, as per the recommendation of our operator, Water and Wastewater Services (W&WS), the Board has prioritized this project for immediate execution. The project entails replacing the mains along Camano View, Rutland Pl, Lactrup Rd, Westmoor Pl and Seamist. This project combines two separate capital projects for which we have received DWSRF funding in order to streamline and reduce start-up costs. Metron & Associates Inc., (surveyor) has already completed the necessary surveys and is currently working on identifying the easement and right-of-way requirements.

## **Kamstrup Meters**

The Board approved an accelerated three-year roll-out plan to replace all current meters with Kamstrup meters equipped with both radio-read and infrastructure leak detection capabilities. As of this writing, 174 meters have been installed (31%), and we have already observed substantial positive outcomes. For reference, Kamstrup meters offer a significantly extended lifespan compared to the present Sensus meters. Additionally, they provide digital accuracy and can be remotely read by our operations team by simply driving by. Furthermore, the meters capture water vibration data that, when centrally analyzed by software, has already enabled the identification and localization of leaks on both the customer and Cooperative side of the meter.

## **Operations and Maintenance**

### **W&WS**

Our operator, Water and Wastewater Services, has maintained its exceptional performance throughout the year, ensuring the smooth operation of the system. Ryan and his team have successfully addressed a total of 20 leak repairs, demonstrating their timely and effective response to these issues. W&WS technicians have played a pivotal role in the installation of the new Kamstrup meters. The frequent drive-by readings of these meters have already resulted in significant water savings, potentially saving thousands of gallons.

## **Maps**

Sarah Cookston, our Assistant Manager, has been diligently adding valuable information to our online Cooperative infrastructure map on Google Maps. This map serves as a valuable resource for our Board Members, engineer and operators, providing them with accurate information about the system's infrastructure. We appreciate Sarah's contributions! Similarly, Sarah and Deb have made on-going timely updates to the Cooperative's web site.

## **Lead Service Lines Inventory**

An important regulatory requirement due earlier this year was the Lead Service Line Inventory. This inventory mandates that all water systems provide individual end-point usage data for lead pipes. To gather this information, our office distributed a survey to our membership. I commend our members for their prompt response to the survey, ensuring the timely submission of the data to the federal government. Thank you for your cooperation.

## **Finance**

Rob Boucher, our Treasurer, has worked hard to maximize interest received from cash on hand. Importantly, Rob has worked on standardizing how we view our capital project funding as well as developing a cash flow model to forecast capital project cash requirements monthly. This model has facilitated more informed decision-making regarding the utilization of interest-bearing financial instruments.

## **Forest Management Plan**

Under the careful and diligent management by Chris Richards, the Forest Management Plan we created last year to comply with state requirements resulted in a great deal of activity this summer. Selective logging operations in the eastern section of the 40 acres of forest started last summer and will likely be completed this year in the November time-frame. The western section will be completed next year with re-planting operations occurring after the logging concludes. The project will produce net income to the Cooperative as well as avoid a tax impact and thus maintain the forest management exemption for tax purposes. Thank you, Chris!

## **Thank You**

The Cooperative is extremely fortunate to have excellent staff, water systems operator, engineer and legal counsel. Our work to serve our shareholders is absolutely enabled by these individuals. Additionally, I can't emphasize enough the value Board members bring to their various roles. Each is committed to working cooperatively and capably and is committed to the idea of giving back. If you would like to be a part of our board or to volunteer, please contact us.

If you have a question or an issue you wish to bring to the Board, please email Deb at the office. She and the Board will make every effort to see you get a timely response. As fellow shareholders, Board members aim to resolve any problems that may arise, and we welcome your input and suggestions.

Finally, if you cannot attend the meeting, please fill out, sign and return your proxy vote. Proxies may be left in our locked drop box at the office, scanned/mailed or mailed. Signed proxies ensure we can complete the business at the Annual Meeting.

We look forward to seeing you at the Annual Shareholders Meeting.

Sincerely,

Virgil Fernandez, Board President

### **\*\*Five-Year Goal\*\***

Our five-year goal of a 2% reduction in customer water usage over a five-year period was implemented in 2019. The Board recommends this goal be maintained at the Annual Meeting in 2024.

During the fiscal period from October 2023 to September 2024, we observed a significant reduction in water usage, amounting to 8% less than the corresponding period in 2023. We commend our shareholders for their proactive efforts in conserving water. In the final quarter of 2023, 90% of members utilized less than 160 gallons per day, and less than 0.01% of our members had water usage in the higher tiers.

The Cooperative actively promotes water conservation through various initiatives. These include the distribution of informational brochures, conservation tips incorporated into bill inserts, the promotion of high-efficiency appliances, the adoption of household conservation measures, and the implementation of the Use Less Pay Less fee structure.

Our primary focus in water use efficiency ( WUE") goals is on water loss, which continues to exceed the recommended 10%. However, we achieved a 2% reduction in 2022 compared to 2021 and an additional 1% in 2023. In 2023, we continued replacing older meters with more efficient meters utilizing **radio read" technology to identify leaks on both the customer and provider sides of the meter.** Additionally, we repaired leaks caused by aging infrastructure and will continue replacing older pipes throughout the franchise as funds permit. Shareholders contribute by reporting potential leaks. Nevertheless, we remain vigilant in identifying and addressing high water losses. The protection of our water resources remains a paramount priority.