

SCATCHET HEAD WATER DISTRICT (SHWD)
ISLAND COUNTY WASHINGTON

Minutes for June 16, 2026

MEETING PLACE

Scatchet Head Community Club Building, 3742 Driftwood Drive, Clinton, WA

IN ATTENDANCE:

Commissioner Lipoti
Commissioner Mullins
Commissioner Peterson

COMMUNITY MEMBERS IN ATTENDANCE

Don Bowman
Mike Plumpe
Jordan Boyer
Drea Boyer
Cynthia Butler
Jaci Mach

The meeting was called to order at 7:00 PM by Commissioner Lipoti.

Commissioner Peterson read the land acknowledgement.

Public Comment

Don Bowman and Mike Plumpe introduced themselves. Don Bowman presented each of the Commissioners with a statement he asked to have entered into the minutes of the meeting. Following is the statement:

The Scatchet Head Sewer District Commissioners would like to enter this information into the Scatchet Head Water District's June 16th Board Meeting's minutes.

As a courtesy reminder, all members of the Scatchet Head Sewer District (SHSD) are also members of the Scatchet Head Water District (SHWD) as well as members of the Scatchet Head Community Club (SHCC). The matter involving SRV and Sound Drilling in essence is a community affair with resolution with their insurers being in the best interest of the entire community.

As you may know, our SHSD Transport lines and systems were damaged and/or destroyed as a result of the negligent actions taken by the contractor (SRV) and/or their sub-contractor (Sound Drilling), hired by the Water District. As part of our initial leadership and efforts, we immediately responded by adopting a proactive and fully transparent commitment to communicate with our SHSD Members as well as the SHWD and SHCC board members. Our expectation of course is that SRV and Sound Drilling's

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insurers will step up and do the right thing for the community. Those discussions are pending.

We continue to proactively lead efforts to achieve full restoration of our systems and are maintaining communication with the Island County Health Department as well to ensure a safe and responsible resolution of this unfortunate situation. The responsibility for all costs associated with recovery and restoration indisputable belong with SRV and/or Sound Drilling, which is why we seek continuing support from the Water District and community stakeholders in getting final repairs funded and completed.

We will continue to move forward in a unified manner to support not only our members but our entire community.

Thank you

Donald A. Bowman

Mike Plumpe

Nelson Nakata

Scatchet Head Sewer District Commissioners

The SHWD Commissioners read the statement. Commissioner Lipoti responded by saying that the District disagrees with one particular word in the statement: “indisputably”. She explained that the water district had turned over the entire matter to the District’s insurance carrier, Enduris. Enduris had tendered the claim to SRV and to Sound Drilling’s insurance. After that, there has been no further word on how the issue might be resolved, except that there may be a “dispute”, therefore, the word “indisputably” is simply not correct. Recently, Don Bowman called Commissioner Lipoti to discuss. Upon consultation with Enduris, Commissioner Lipoti was asked to refrain from any further informal communication and to refer any further questions to Enduris. Don Bowman stated that any further communication should be with his attorney.

The public was asked if there was any further questions. Jaci Mach asked whether everyone’s sewer system was currently functional. Don Bowman explained that the pumps are currently working but that they had been stressed when the pipes were occluded, so that they are working at a slow flow rate and need to be replaced.

No further questions were asked. Don Bowman and Mike Plumpe had urgent business elsewhere and left.

Commissioner Lipoti mentioned that she had cut the blackberries that were impinging on Cynthia Butler’s fence.

Cynthia asked about the procedure for the lead and copper testing. She was provided with a bottle. Commissioner Lipoti thanked the community members for volunteering to collect samples and said that the samples will be picked up on Monday morning.

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Jordan Boyer informed the Commissioners that an individual had gone off the road in the area of South George and asked if there were any water leaks there. Commissioner Lipoti responded that there are no lines on that side of the road.

Minutes

Approval of the minutes from May 19, 2026 regular meeting was moved by Commissioner Mullins, seconded by Commissioner Peterson, and passed unanimously.

Vouchers

Approval of operational vouchers in the amount of \$15,192.40 and electronic vouchers of \$314.90 for a total of \$15,507.30 was moved by Commissioner Mullins and seconded by Commissioner Peterson. It passed unanimously.

Approval of construction account vouchers in the amount of \$5,085.00 was moved by Commissioner Mullins, seconded by Commissioner Peterson, and passed unanimously.

Financials and Accounts Receivable

Financial statements were reviewed and discussed.

Commissioner Mullins said that the requests for renaming of the accounts and reallocation of funding that we had requested had not been done, and he wanted to follow up on the funding for the short term asset fund in particular.

Quoting from the minutes of the April meeting: *Commissioner Mullins moved that SHWD deposit \$8,675.00 into the SHORT TERM ASSET ACCOUNT. This deposit represents the SHWD's annual required payment. By paying it up front, we will have satisfied the obligation for the year. The motion was seconded by Commissioner Peterson, and passed unanimously.*

This time, Commissioner Mullins provided his request in writing. They were moved by Commissioner Lipoti, seconded by Commissioner Peterson and passed unanimously. These are the changes that are being requested be done before the next meeting.

1. Open new interest paying account to be titled "Reserve Funds".
2. Transfer \$25,000 from the "operating account" into this new account.
3. Transfer \$429,434.44 from the "USDA Reserve Account" #764 to this new account.
4. Transfer \$51,504.98 from the "SHWD Available Funds" account #764 to this new account.
5. Close these two 764 accounts.
6. Open a new interest paying account to be called "USDA Debt Service Reserve".
7. Transfer \$761.67 from the "operating Fund" to this account and do so monthly.
8. Close "Construction Account" and transfer \$39,006.43 balance to "Reserve

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Funds”

9. Transfer \$8675 from “operating Fund” to the “Short Term Asset Account”.
10. Eliminate SHWD Profit and Loss by Class – “Construction, Emergency and Operating” reports from our monthly report list.
11. Eliminate SHWD Profit and Loss “current month compared to total year to date” reports from our monthly list.
12. Eliminate Profit and Loss for Construction.

Commissioners request that Branch Business Services prepare a 5 year budget for consideration at the July meeting. We need to be ready to consider a rate increase due to escalating costs for everything, but especially utilities and chemical supplies. Rate increases are painful for the whole community, and we want to make this process as transparent as possible.

Accounts Receivable still show a few customers who are not paying their bills.

Review of Operating Reports

An operating report was received.

Old Business

Received confirmation that the Bond was financed and USDA is on an automatic payment schedule.

PWB has provided an amortization schedule, but they do not have an automatic payment schedule, so those bills will have to be anticipated and paid promptly.

Commissioners discussed the list of issues that should be addressed as funds are available. The largest item that needs priority attention is the underperforming well #3. Additionally, the Commissioners discussed the need for a wood frame over the valves next to the reservoir at the Treatment facility on Guemes. Commissioner Peterson will draw up a plan and we will try to find someone who could do this work. Another issue of rather high priority are meters that can be read automatically. The Commissioners decided to ask whoever is the operator in the future to assist with decided which meters to buy.

Commissioners discussed having a list of assets, along with their useful life, so that they could plan for use of the reserve funding. They would like to engage Wilson Engineering to assist with this planning. This may be part of an update of the Water System Plan.

New Business

Thank you to all who volunteered to take samples for copper and lead compliance.

Audit will be conducted at an estimated cost of \$19,000 for years 2023, 2024, and 2025.

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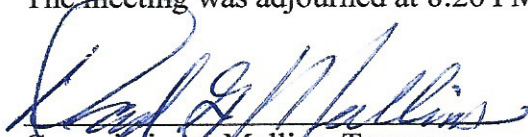
The Commissioners have an appointment to meet with Water and Wastewater Services on Thursday, June 18 at 2pm at the Guemes Ave treatment plant. Since all 3 Commissioners plan to attend, it is a noticed meeting and the notice is posted on the bulletin board.

NW Natural has prepared a proposal for use of a new software package for meter reading/ billing. They are interested in taking back billing/financial management for SHWD. Commissioners discussed the proposal and decided to stay with Branch Business Services for billing using the El Dorado software.

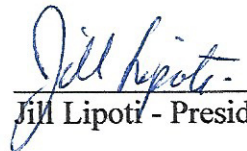
Former Commissioner Jaci Mach is looking for volunteers for a Firewise assessment of properties and offered that service to the SHWD. Commissioners discussed the issue and is pleased to accept Jaci's offer. Someone will be around on June 29 to open the gates and walk around with Maddie.

The operating permit renewal was not received in a timely manner. It seems to have gone to NW Natural and not been forwarded. Commissioner Lipoti paid the bill since it is due on June 28 and will put in for reimbursement next month.

The meeting was adjourned at 8:26 PM.


Commissioner Mullins, Treasurer


Commissioner Peterson


Jill Lipoti - President