

WEEKENDER July 17, 2008



A great turn out!



The Board of Trustees Candidates: (left to right) Chris Hanson, Gene Bowen, John Reichenbach, Debbie Richmond

The annual meeting produced three new Board members with three year terms. Elected were:

- Gene Bowen
- Chris Hansen
- Larry Nelson

A note of special thanks to outgoing Board Trustees Walt Platt and Warren Schmidt:

- Walt served for five years as treasurer of the association. He generated substantial savings in insurance and provided added security for investment of funds. Walt is one of those special persons who work the numbers with ease and always had answers at his finger tips or knew

where to find them. His sound financial management has kept us with clean audits throughout his term. We appreciate all his efforts on the behalf of members.

- Warren Schmidt for several years has been the liaison between the Trustees and the Architectural committee. His is an extraordinary time commitment in that he not only attended the three to four hour AC meetings every week, but came back on the weekends for Board meetings often lasting 8 – 9 hours, plus both of those generated more time for homework. His calming nature has provided leadership for resolution of numerous issues that could otherwise have cost members in time and legal fees.

The Board met in special session after the meeting and the officers for 2008-09 are

- President: Warren Olson
- Vice President: Jim Flood
- Secretary: Gary Williams
- Treasurer: Gene Bowen



Note from the President

Special thanks to all our members who attended the annual meeting and those who voted by proxy. Your voice is heard through your participation. I appreciate the support shown for the efforts by staff and committees. It's been a good year. I also appreciate the time taken by all who attended to become informed about the accomplishments of the organization and the challenges ahead.

For those unable to attend we've attached the President's remarks and the auditors report at the end of this weekender. Be sure to contact us if you have questions.

Pic Nic Fun!



Hard Workers!



More Hard Workers

The Feast!



After the Feast



COMMUNITY!!!!



RERUNS AND CONTINUED NEEDS:

General Manager Interviews

- The Board of Trustees will be conducting interviews for the General Manager this weekend. The position closed on July 14, 2008.

Volunteers for The Fish and Waterways Committee

- This is an **urgent** request from the Fish and Waterways Committee who is in desperate need of volunteers. We currently have only 3 members with multiple responsibilities and help is sorely needed.
- Responsibilities of this committee include fish management, aquatic weed management, shoreline management, mosquito abatement and any other issues facing the SHOA waterways.
- Waterfront property owners would be "naturals" for the committee but any SHOA member with a willingness to serve the community regarding these matters are encouraged to volunteer.
- The next Fish and Waterways Committee meeting is 7/19, 3:30 at the Ocean Park Fire Station. If you are interested, please attend the meeting or contact Mary Murrell, 503-698-2754, gemurrell@earthlink.net; mary@astoria-pacific.com



Thanks

Mary Murrell

Get Inspired: Be a Sign Maker



The Community Relations Committee is in dire need of people who can make signs for the cabanas and the SHOA office. We would like to see ideas submitted for "rustic" style signs, created either by wood carving, sand blasting or burning, wooden letters or whatever method for which you are proficient. Two of the cabanas are now painted. One is in Division 17 on I street on Seabreeze lake and the other is in Division 16 on W street on Skating Lake. The third, the Twin Lakes cabana, should be painted this week and is on 324th. Volunteers have painted the cabanas and will begin landscaping soon. The signs will be the finishing touch. Go by and get inspired. The SHOA office sign needs to be larger and will be a more challenging project.

Help us out! Contact the SHOA office at 665-4171 or call Georgia at 665-5565.

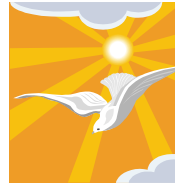
Kerry Amundson Reminds New Members to Call



- Just a reminder: if you are a **new full time** resident of Surfside, please call Kerry Amundson at 665-2779 so she can personally meet you and welcome you to the neighborhood and give you a gift bag full of information and goodies from local businesses. And welcome to Surfside!

Christian Women's Groups Meet

- These non-denominational groups offer "Fun, Friends, Support, Bible Study, Prayer, & Spiritual Renewal". Questions? Call Coral Hughes: 665-3206
- The groups meet in homes every Thursday at 9:30am:



*Bonnie Masson: 32904 "J" Place; Call 665-6504

*Linda Lanphear: 809 - 347th Place; Call 665-0895

*Mindy Burns: 33609 "I" Street; Call 665-0880

- **NEW** Working Women's group meets Tuesdays at 5:30pm:
*Lola Larson: 5015 "L" Place, Seaview; Call 642-8359

SHOA Web Site Volunteer Administrator Sought

- SHOA is considering bringing the management of the SHOA web site within the SHOA staff and committee structure in the future, hoping to enhance the site, improve the timeliness of updates, and reduce costs
- Members, who have web site administrator experience and wish to volunteer their services, should contact the Surfside Office and SHOA@willapabay.org.



Volunteer Newsletter Layout/Editor Opportunity

- SHOA has a need for a volunteer to assist or lead the SHOAndTell layout and editing of the SHOAndTell newsletter.
- Applicants would be expected to donate up to 12 hours during the second or third weeks of February, May, August, and November, to prepare a "camera-ready proof" of the SHOAndTell newsletter for the printers.
- Applicants should have experience in using Microsoft Publisher, PageMaker, or other software capable of creating the layout in a format to permit conversion to a single pdf file for distribution electronically (via email) or posting to the SHOA web site.
- If interested please contact the Surfside office at SHOA@willapabay.org.

Other Local News

You may access directly the current issue of the weekly Chinook Observer, our local source of news and events, by clicking on the following web site:

<http://www.chinookobserver.com/>

You can also find things going on the peninsula at the following web site of the Visitors' Bureau:

<http://www.funbeach.com/>

and of the Pacific County Friends of Lewis & Clark at:

<http://lewisandclarkwa.com/pages/ocian.html>

and for local news of the Ocean Park Area Chamber membership and activities:

<http://www.opwa.com/>

and, finally, SHOA's own web page at:

<http://www.shoaonline.com>

Keep the news coming... submit information to shoa@willapabay.org (put "Week Ender" in subject line):

Surfside Homeowners Association

Mailing Address: 31402 H Street, Ocean Park, WA 98640

Office Email: shoa@willapabay.org

Office Phone: 360 665-4171

President's message annual meeting:

Friends and Neighbors,

Welcome to the annual meeting. This meeting is essentially a report from the Trustees and Committees to the membership on the state of the organization. In the next few minutes I would like to make some observations on the year past and the challenges ahead.

I would characterize this year as the year of teamwork between staff and volunteers, and year of returning pride in Surfside and its amenities. Over the past several years volunteer jobs became so large and complex that few wanted to step up for what often became a full time job. As a result many of our committees languished without chairs or volunteers. Over the past year we have had staff help volunteers with the onerous jobs of record keeping, note taking, follow-up, investigation, and enforcement. The result has been a resurgence of volunteers who now enjoy a level of commitment appropriate to their gift of time. We also solved the issue of insuring volunteers against injury by qualifying them for L & I and making it possible to use them in many more fun and interesting projects.

I'm increasingly impressed by how much that teamwork produces for the membership. More people volunteer; staff get more done. I'm occasionally approached by members suggesting that we cut back and do without this person or that and just do it with volunteers. I usually find they are not volunteers themselves and have no idea about the magnitude or difficulty of the task. Their comments often translate in my mind to "I want someone else to do it for me for free, and don't expect me to do it." If you want real credibility pitch in and volunteer.

Let me cover the status of SHOA by looking at our core functions and how we are performing. SHOA does primarily six key functions – We deliver water, collect trash, enforce covenants, maintain assets, provide security and pay the bills. By most common standards the Surfside Home Owners Association is in outstanding shape.

Our most important function is to reliably deliver clean, pure, drinking water. By objective measures of quality we do so with high reliability through a dedicated staff. Probably the most amazing water department feat was a vacation from main breaks for a major portion of the year. This was largely due to knowledge and skill developed by our crew to operate the system with less spikes of pressure that destroy the old asbestos-cement pipe. Then in March we encountered a series of breaks, probably related to efforts to improve service to areas with low water pressure. Bob Haskins and his crew have developed plans for this summer to create some energy absorbing loops in the system that may improve reliability. More importantly for the long term, staff, the water committee,

and consultants have developed the six year water plan to address the aging infrastructure. More about that plan later.

While our second core function of taking out the trash is probably the least glamorous of Surfside, one only need imagine what our neighborhoods would be like without it. Like water consumption, trash disposal continues to increase at a regular rate of growth, partly due to growth in membership and partly due to increased generation of trash through packaging and other garbage generating practices.

Third, covenant enforcement has improved significantly in the past year. The progress has been remarkable, the tree height complaints are a good indicator dropping from 375 unresolved complaints to 10. The RV Committee and Grievance committees have likewise done admirable jobs. Progress in cleaning up neighborhoods has been steady through the teamwork of our committees, compliance officer, sheriff's patrol, and positive ongoing relationships with County government.

Most importantly the tone or approach to enforcement has been established as a positive, collaborative one. Covenants are little more than a statement of what it means to be a good neighbor, set down for those who haven't thought nearly enough about it. We work with people to voluntarily comply. In the very few cases that hasn't been possible we then pursue more aggressive enforcement. In the past that has meant expensive court enforced compliance. This past year the Board instituted the first of a series of fines to obtain faster, less expensive compliance. The first fine schedule is related to responsibility for pets, the next is likely related to tree height violations, and then recreational vehicle compliance, and a number of common grievance areas will likely follow. And, as strange as it seems the fines are probably fairer to the violator than when we send them a bill for legal services. One violator sent the association a check for \$1500 to cover our all the legal fees they caused by non-compliance. I'd submit a fine might have gotten their attention for a lot less money.

Not all covenants will be matched with fines. As members have often noted some of our covenants are also enforced by governmental entities. In those cases SHOA will use its collective influence and relationships with governments to proceed with enforcement.

Fourth, we are doing a better job of maintaining assets, again through the teamwork of staff and volunteers. Surfside's waterways have traditionally undergone a cycle of attention and neglect. The Fish and Waterways committee has developed plans for both weed control and a warm water fishery. The first treatment of the season for weeds has been completed and we will be adding blue gill and bass to the waters so fishing can again be one of Surfside's fun diversions.

Our cabanas also represent the teamwork between staff and volunteer members. Monies were specifically budget in 2008 to repair the cabanas. Volunteers have stepped in to paint, landscape, and watch out for vandalism. The results are facilities that neighborhoods can once again be proud of and use. Past frugality to the point of neglect has been replaced with responsible cycles of maintenance incorporating volunteers.

In regard to Security, Surfside has a unique relationship with the local Sheriff in that we pay the salary of a reserve deputy and the Sheriff's office provides a car, maintenance, fuel, insurance and integration to the communications system and 911. As a result Larry Clark is assigned to patrol Surfside and can get or give backup for the tough arrests. To his credit, crime, particularly break-ins, are virtually non-existent.

Larry's effectiveness has been supplemented by development of neighborhood watch groups in different areas of Surfside. Started by George Miller, these groups have grown and now represent another deterrent to the bad guys as well as increased help for neighbors and a sense of community. During storms and disasters these groups keep an eye on neighbors in need. Hopefully you noted in a recent Weekender that Larry was able to make felony arrests based on tips from the neighborhood watch. Once again, volunteers and staff working together made us a safer more livable community.

Probably uppermost in member's minds should be the financial status of the organization. I am happy to report that by year end of 2007 we had lived within our budget. Frugality has again been rewarded by transferring the unspent portions of the operating budget to our capital reserves. You will hear details from our auditor.

Let me also note that a formal method of allowing for deferred or credit card payments was utilized by 197 members this year. The Board is aware and concerned about those unable to afford the dues of the organization. One challenge for the next board is to identify means to provide for hardship situations. Such changes will be complex and likely require modification of articles of incorporation or bylaws. Please know that our heart is with those who are finding the dues insurmountable and we take seriously the need to keep Surfside affordable to those least able to pay.

In regard to assets I am pleased to report that in the last year since we met members ratified a capital budget to replace the foot bridges that had been condemned and despite permitting delays we are less than a month behind on our aggressive goal of replacing the bridges by July 1st. The parts have been delivered and construction is in progress.

Let me make one additional comment about spending. Your Board is always evaluating the value of what we do. Simply cutting back is of little value if it fails

to accomplish the mission. Just as in your life and purchases the trick is to spend just enough. Spend too little and fail to get what you needed is only to waste the money spent. Sometimes the little extra is greatly worth it whether it is employee retention, new machinery, or paint. Being penny wise and pound foolish for the sake of looking thrifty and making political points is the most profound way to waste money. While any single member would be happy to see the budget cut by what they don't use, those cuts often diminish the value their neighbor was counting on. Your Board constantly evaluates the trade offs to benefit the larger membership and to make the best possible use of your money.

So, if Surfside is only looked at in terms of core functions, we're doing pretty well. What we all know is that Surfside is more than its core functions. It's a community. While last year's annual meeting was difficult for just about everyone involved one message to be taken from it is that people care, care deeply, care with great emotional involvement. The problem is that we often care about different things.

In my conversations with members this past year I've learned that people have come to Surfside for a multitude of reasons and highly varying interests. We are a diverse lot. Some want clean pure water, others aren't hooked up. Some want bridges, others never use them. Some want clear canals teeming with fish, others never go near them. Some want ultra low utility costs, others want continued investment. Some want neighborhoods cleaned up, other want to be left alone. Some own land for investment, others just to have fun. Some have second homes, others live in the house that represents their biggest investment. Some want to walk over bridges to the beach, others hate the sand and wind. Some need RV amenities, others are annoyed by camping. Some need clear views of the Pacific horizon, others relish the trees surrounding their lot.

I used to think that all Surfsiders lived here because of the stunning natural beauty of the beach and the opportunity to enjoy it. Not so. Many of our residents never go to the beach. About the only thing we all do is drink the water and the investors don't necessarily do that.

How do we manage with all the different interests. One extreme suggests that we just dissolve Surfside, but others are proud of their little community on the beach. In the course of my year as president I'm persuaded that we do best by supporting each other. By attending to all the parts, by being willing to spend money that benefits others, by volunteering, by talking with each other, the whole is larger than the sum of its parts. By caring about the other guy and respecting them, we earn respect and ultimately all benefit.

"Community" doesn't make it to the six core functions list but for many it is the most important part of Surfside. To that extent I want to laud the efforts of the Community relations co-chairs, Georgia Mourikis and Jane Bowen and their members for forging ahead with a vision of Surfside as a community. This past

year they have modified publications, supported the volunteers, begun a change from the Surfside Office to the Surfside Community Center by obtaining a gas stove for gathering when power outages occur, organized with the Ammundsons a Christmas parade with lighted boats, helped organize a garage sale to provide funding for plantings and beautification, organized volunteers for painting and maintenance of cabanas, and organized social events. It's an impressive list of accomplishments for the groups charged with making Surfside fun. And, the fun has brought new faces to the ranks of volunteers. We are very pleased to have people volunteering and having fun.

Just a quick note about the Board's goals for the year. The Board set nine goals for itself this year. Frankly, we did quite well on seven of the goals, including: to improve covenant enforcement, to improve the use of volunteers, to build trust and satisfaction, to improve the maintenance of assets, to replace the foot bridges, to improve the waterways, and to improve the water system. We made progress on and have more progress to make on limiting budget growth and improving operational efficiencies.

Finally, let me turn to the future. Surfside faces difficult challenges – largely encapsulated in the six year water plan. Like the fearful ostrich we'd like to bury our head in the accreting beach sands and avoid this issue altogether. Can't be done. The consequences of not completing the plan and addressing the issues could range from moratoriums on construction to loss of the opportunity to run our water system. It's simply time to bite the bullet and make the hard choices. To that end in June your Board, joined by all the Board candidates met and took on this difficult issue.

Two water issues stand out. One generated by the State – water meters, The other generated by old father time – the worn out pipes.

Let's start with the dreaded meters. Simply put its not a choice. We have to do it. End of debate. About the only choices are which kind of meters and how we will read them and what the best deal will ultimately be for members. Your new board will be making those decisions between now and next November, our target is to complete installation by 2016 by doing a portion of the meters each year.

One other implication you should be aware of. The purpose of meters is to promote water conservation. That is likely to result in some form of additional charge for excess water consumption. That means a change in how we assess and bill members. This Board is unlikely to tackle that issue but rest assured when the metering is completed the State will expect us to use billing as a means of improving water conservation.

Our other issue is worn out infrastructure, specifically worn out water mains. Our oldest divisions 1 – 4 have for some time experienced numerous breaks. Like

so many other areas of American life, we have benefited from the infrastructure investments of previous generations. Now it's our turn to address that aging infrastructure.

The critical issues are affordability and sustainability. Sustainable delivery of water means a long term replacement plan for the system and pipes. The State is increasingly requiring planning that addresses sustainability so water purveyors don't defer maintenance until there are catastrophic failures. Typically here and in other places the cost of water was not calculated with money set aside for replacement of the water system.

We must balance the cost of sustainability with what people can afford to pay. Afford is different than willingness to pay. When people have to choose between paying the water bill and buying food, medicine, or heat, we are talking affordability. For some in Surfside paying for the sustainability will stretch their ability to afford it.

So how much pipe can we replace, how fast, and at what cost. For the time being the Board rejected getting a huge loan and saddling the members with debt into the foreseeable future. Rather we are going to establish a yearly assessment that hopefully will be affordable for most members. With that assessment we will install enough water meters yearly to stay on schedule and use the remaining funds to replace as many feet of pipe as we can afford.

We can contract for either task but doing the job in-house with our own department appears to represent significant savings. We will need to add temporary staff to "back fill" on jobs like lawn mowing and maintenance. Even so if we can do this we are likely to get more feet per dollar than contracting. We are going to try the first phase of this plan this year by creating some loops in the mains that will reduce the vulnerability to breaks. We'll evaluate the experience and determine what is the most prudent course for advancing the project. The assessments and replacement are likely to go on for a number of years – each year requiring approval by homeowners. Unfortunately the progress is likely to be slow. If it is too slow higher assessments may be required. The Board has estimated an assessment of \$125 per lot for 2009.

Any time we mention the costs of metering and pipe replacement we are accosted by people asking about low cost loans, or charitable grants, or water systems mergers, or just about anything to avoid the cold realities that we are responsible to pay for what we use. No other options have appeared probable or worthy of expending resources to pursue. Rather than bet on benign intervention for our problem the Board has taken the responsible, albeit difficult steps of planning for our own future and paying for it. If someone has the magic bullet that will get us a replaced water system for free or remove the requirements of the State we encourage them to pursue the details and application. We will work with you. However, it is difficult for a community like Surfside to plead poverty

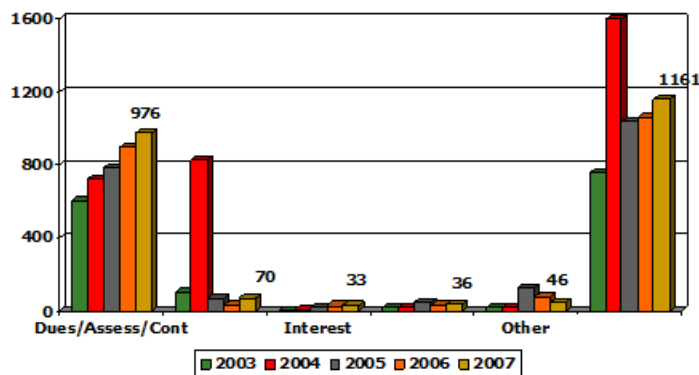
when we are largely second homes and recreational vehicle lots. For now we are committed to this plan.

In ending, thank you to our staff for all your day to day efforts, thank you to our volunteers for the many free hours you provide, thank you to County officials for their consistent help with issues facing Surfside, thank you to the many members who take time to ask questions and share answers, and finally, thank you to my fellow board members who have worked hard for long hours to be a team seeking what is best for Surfside.

Financial Information/Auditor's Report:

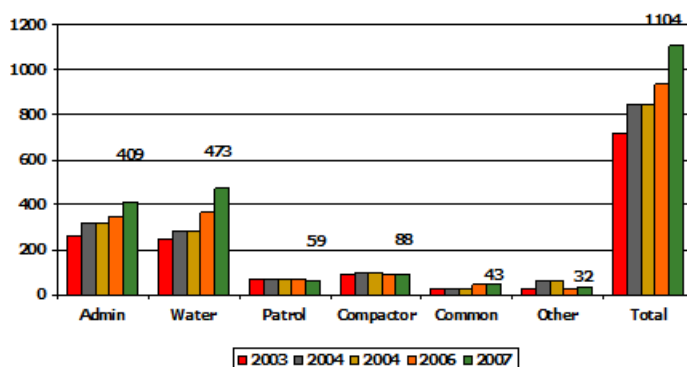
Operating Expenses

Revenues & Contributions



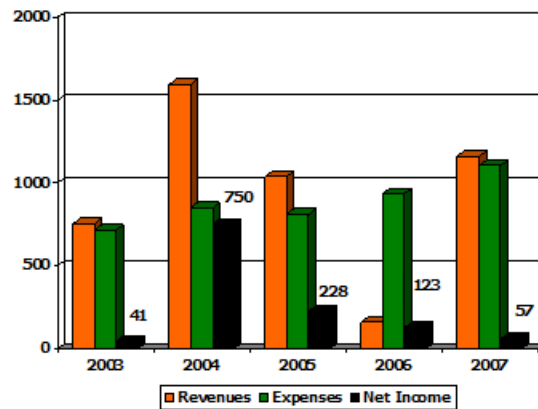
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Operating Expenses



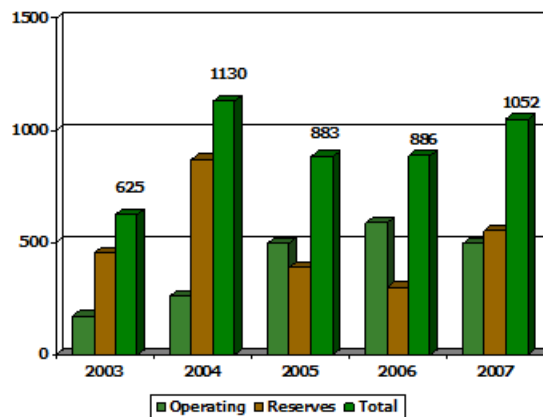
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Increase in Equity



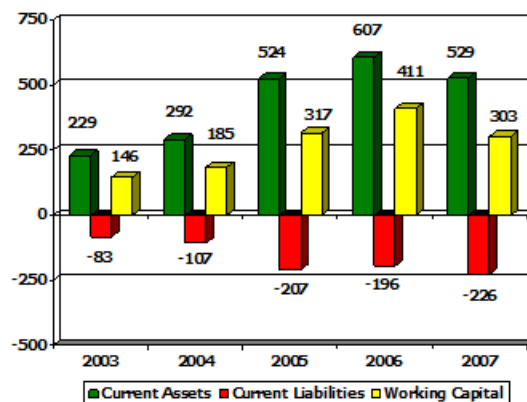
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Cash Position



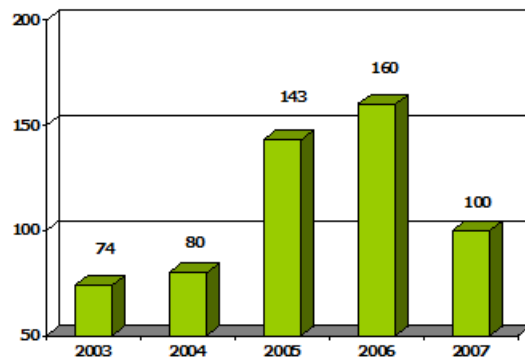
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Operating Working Capital



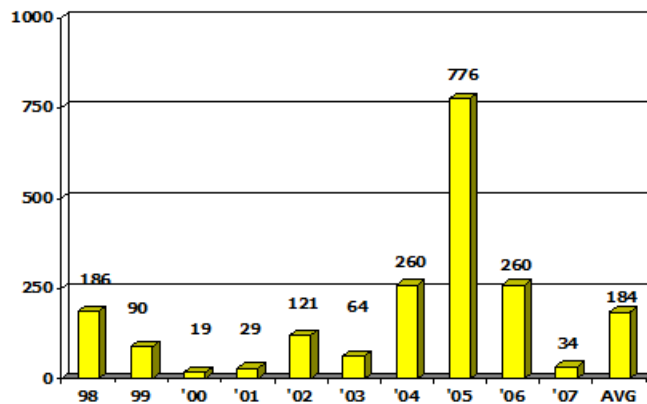
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Days of Working Capital



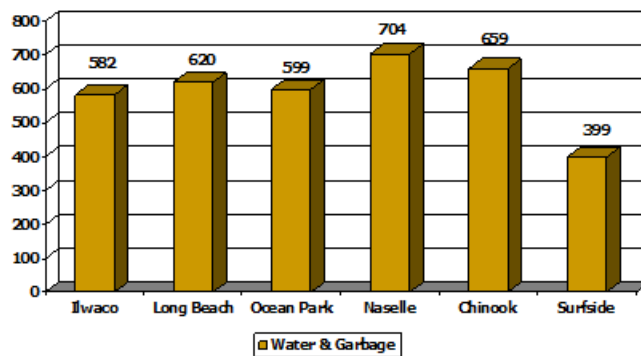
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Capital Expenditures



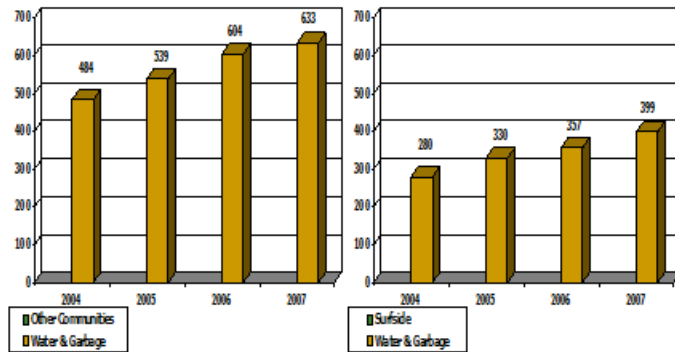
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Rate Comparisons



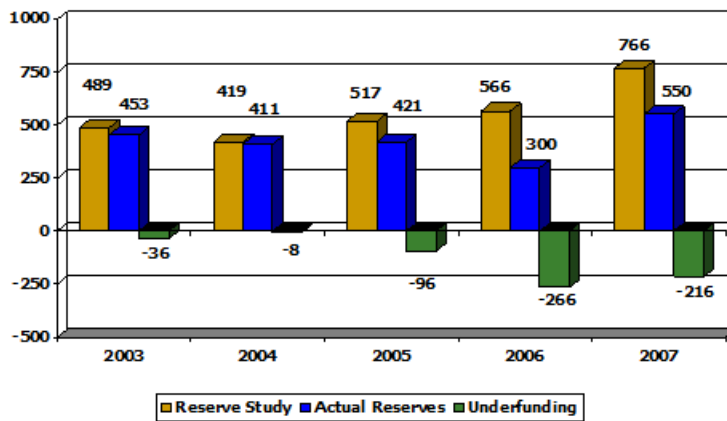
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Rate Comparisons



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Status of Reserves



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- For 2007, the IRC Rev Rule 70-604 was not used. Instead, SHOA filed as a homeowner's association which resulted in a 30% tax on interest income and metered water charges to non-members less allowable expenses resulting in taxes of \$459.