



425/888-3650

Sallal Water Association strives to provide pure, untreated water at low cost to members.

Bylaw Amendment Vote - Board Position

You will soon be receiving a ballot in the mail to vote on a member proposed bylaw amendment. The Special Meeting for this vote will be held on June 11 at the Snoqualmie Casino, at 7 p.m.

The Board’s recommendation is to vote “Reject” on the proposed bylaw amendment.

<p>Summary</p>	<p>This amendment may sound good at face value, but beneath the surface, it is advocated for by a special interest group that seeks to prevent Sallal from providing water to new growth. This won’t stop the growth. The City of North Bend will serve that growth by entering Sallal’s service area, opening the door to a possible takeover. <i>Placing Sallal at risk is not the right way to try to fight growth.</i> Typically, very few members vote on Association issues. If the Board’s power is divested, a special interest group could easily end up controlling the most important issue that the Association has ever faced – future water supply.</p>
<p>Losing Sallal’s Service Area</p>	<p>The Board is trying to avoid a risky situation in which the City takes over major parts of the Sallal system or the City begins installing mains throughout the Urban Growth Area (UGA) while Sallal remains in moratorium, opening the door to future takeover. Sallal is in a precarious situation because its water rights are limited, it has a waiting list for new connections, there are no water rights available to acquire, and the purchase of water from the City is the only way that Sallal can potentially prevent take over by the City.</p>
<p>Advocates of this Amendment</p>	<p>A local special interest group seeks to use your water Association as a pawn in their fight against growth and development. Through this amendment, a small group could gain control over major water supply issues and prevent any future transfer of water rights or supply, with as few as 43 votes. Without more water to serve, Sallal would be vulnerable to the City taking over areas of new development in Sallal’s service area. Besides putting Sallal at risk, this strategy won’t work because the City has already offered to provide the water to that growth and has stated they have the ability to do so. A special interest group is willing to let Sallal be collateral damage in their war, but it will be for nothing.</p>
<p>The Mule Pasture</p>	<p>The path leading to this amendment began with the mule pasture. A special interest group has been trying to prevent the construction of an apartment complex there. When their efforts to stop it failed, they focused on leveraging Sallal as a means to their ends, thinking that this development could be stopped by preventing Sallal from providing water to it. But the attorney representing the mule pasture developer filed an appeal with King County Utilities Technical Review Committee (UTRC) to be excluded from Sallal’s service area so they can legally be served by the City, since Sallal has insufficient water rights to serve them. Once the UTRC makes the ruling, this opens the door for the City to come into Sallal’s service area.</p>
<p>The City of North Bend</p>	<p>The City has said many times and, in many venues, that it is equipped and eager to provide service to the growth in Sallal’s service area. They have even said they wish to take over all of Sallal so they can have our water rights, which would solve their water mitigation problem.</p>

	<p>They have already issued water certificates to two developments in Sallal’s service area. They have provided written statements to the King County Utilities Technical Review Committee (UTRC) that they have the capacity and willingness to serve the mule pasture right now.</p>
<p>Control of Our Water: City, Special Interest Groups, or the Board</p>	<p>Please carefully consider the motives of each group. The City would like to take over Sallal in order to get our water rights and provide an additional revenue source to the City. A special interest group seeks to tie Sallal’s hands with this amendment which leaves Sallal as a “sitting duck” for the City.</p> <p>The Board has been acting cautiously and protecting the interests of all of the members. All Board members are members of the Association just like you and would not derive any special benefit from a supply contract. The fact that a contract has not been agreed upon with the City after ten years of meetings and negotiations should mean something. The Board is not rushing this and is trying to represent the best interests of all of its members.</p>
<p>The Board</p>	<p>The Board is composed of experienced and knowledgeable people who have been elected to decide what is best for the Association and all its members. They spend considerable time studying the issues and consulting with management, lawyers and engineers. They were elected by the members to carry out these duties. The law requires that they act in the best interest of the Association and its members. It would be irresponsible for the Board to turn over a very technical and important vote on a supply contract to a special interest group or to those who do not understand all of the risks, facts, and laws.</p>
<p>The USDA’s Role</p>	<p>The USDA is the creditor that holds two loans to Sallal. The terms of those loans specify that the USDA must approve any bylaw amendments. Therefore, a vote approving the amendment is further subject to USDA approval. The USDA may override this member vote even if voters approve this bylaw amendment.</p>
<p>Costs to Members of this Amendment</p>	<p>Placing all of these operational decisions to a member vote every time a decision is needed will cost the Association (and thus its members) money, for mailing out the information and ballots to 1,700 members, and for holding two meetings for each issue.</p> <p>The average cost to call a single meeting is around \$3,000.</p>
<p>Additional Problems with this Amendment</p>	<p>Section 1 of the proposal, which identifies the actions subject to member vote, is overly broad. It makes the following subject to a member vote:</p> <ul style="list-style-type: none"> a) Agreement to buy water from another entity. This means any purchase. If the association wanted to enter into a short-term transaction with another purveyor, a member vote would be required. b) Agreement to sell water to a reseller. This would cover any wholesale agreement such as to a neighborhood system and even an apartment complex (many apartments now have internal meters so the landlord can charge for tenant use). c) Water transfers to or from the Association. Water purveyors need to have the ability to purchase water rights as they come available. <p>Section 2 of the proposal effectively puts major decisions in the hands of as few as 43 members (5% quorum requirement is about 85 members; and with 50% + 1 constituting a majority, a majority vote needed to carry a proposal can be achieved with just 43 members). Forty-three members out of 1700 should not have the power to make major decisions for our water Association. A special interest group has more than enough members ready to vote to stop Sallal from buying water to solve its supply/demand problem, thereby protecting itself from the City.</p> <p>This amendment only further cripples Sallal’s ability to fend off the City.</p>