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A Member Owned Water Co-op

Water FACTS

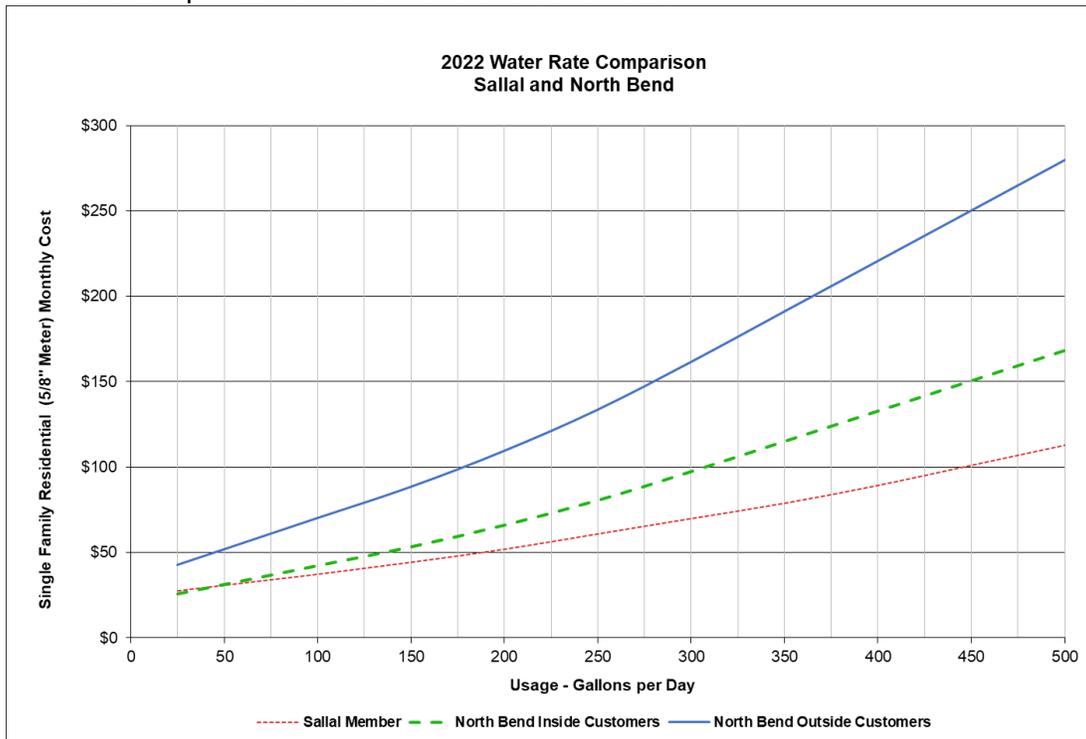
Sallal “FAQ-checks” the City’s Claims

Updated October 12, 2022

1. Our water is safe and is superior in quality to the City’s water. We have not had any bacterial findings in our water since 2019, when we started chlorinating.
2. Asbestos concrete pipe is used in water systems throughout the US, including the City of North Bend’s system. Sampling results for asbestos show asbestos has not been detected in our water but *has* been detected in the City’s water.
3. We do not have a “failing system”. The vast majority of our pipes are newer than the national water system average of 45 years. We have an annual watermain replacement program and capital reserves allocated to the program. Leak detection testing of the entire system is almost complete, having found very few (leaks can be a point of entry for bacteria). We have a track record of lower leakage in our system than the City. We have invested in a new well and reservoir to enhance system performance, so now we have four wells compared to the City’s two. We are currently investing in a generator that is capable of keeping all of our members in water during an extended power outage.
4. Contrary to City statements, we are not “unwilling” to serve growth in our service area. Sallal has attempted to get more water rights and supply and has not said “no” to any opportunity. The City surprised us with an offer to buy the system while we were still discussing a water supply and mitigation contract, which we continue to negotiate. Yes, Sallal is presently constrained to serve growth due to water right limitations, but we took diligent steps to obtain additional water and did the right thing by going into an emergency, interim moratorium. We have not been “unwilling” - rather we have been responsible and proactive.
5. The City incorrectly asserts it can access funding options not readily available to private utilities to pay for water system improvements. While the City can sell bonds which are ultimately paid by the citizens, Sallal can access Federal Rural Development funds, and has similar access as the City to state and federal funding options. Those funding options, together with Sallal’s rate making authority, provide an equivalent level of financial flexibility when dealing with water system improvements.

6. The City feels urgency in obtaining water to mitigate withdrawals from its Centennial Well. The mitigation requirements are contained in a 2008 permit issued to the City by the Department of Ecology. One of those requirements was to obtain a backup supply of mitigation water and Sallal's wells at Rattlesnake were identified as an eligible source. The 2008 permit also authorized the City to sell wholesale water to Sallal so that Sallal could serve in-City residents in the UGA. The City and Sallal have been negotiating mitigation and supply contract terms since 2008 but have been unable to reach an agreement. Notwithstanding, after the 2008 permit was issued, the City began using water from the Centennial Well, it annexed a large area out to Truck town and beyond (through our service area) and extended its sewer system eastward throughout the annexation area – all without obtaining a source of mitigation water. The City failed to carry out the conditions of the 2008 permit as well as its obligations under the Growth Management Act to have the capability to provide an essential service – water. The City now wishes to buy Sallal's water system for the purpose of getting control of Sallal's Rattlesnake wells and its storage and distribution system. The decision whether to sell Sallal is up to the members, and they will determine Sallal's response. In the meanwhile, Sallal remains ready to negotiate fair and equitable contract terms to provide mitigation water to the City and to purchase potable water as well.

7. Sallal's water usage rates are lower than the City's rates. For the typical residential water user (living INSIDE the City boundary), the monthly cost is approximately \$51.81. By comparison, the City cost for the same usage would be 28% higher at approximately \$66.17. However, for Sallal members living OUTSIDE of the City boundary (which is the majority of Sallal members), your rate would be \$109.66 – a staggering 112% increase. This wide disparity is indicative of how your rates will be impacted if the City provides your water. The City rate will increase even further to finance the purchase if the City were to buy Sallal. Ultimately, Sallal members will pay via higher usage charges if the City buys Sallal. See the chart below for a comparison of North Bend and Sallal rates.





8. The City has engaged an appraiser to value Sallal's real estate assets. The appraisal will not encompass the full value of Sallal's water system assets and water rights. We understand the City will prepare a purchase offer for Sallal's water system after its appraisal is finished.

Pursuant to RCW 24.06.240, Sallal's members have the right to vote on whether the system may be sold to the City although the statute also requires the Board to first evaluate a purchase offer.

Based on statements made by City representatives in council meetings and in City website materials, it's the City's intent to convince Sallal members to approve a sale. Sallal intends to provide an analysis to its members in order to assist them make a sound decision. Presently, the quality of information coming from the City is conflicting and unreliable. At the October 4, 2022 City Council meeting, City representatives were recording as saying the following:

Public Works Director Mark Rigos: "The dollar amount could be spread amongst the roughly one thousand [actually 2000] members, ultimately it goes to members if it's a friendly purchase and sale agreement. My understanding is yes. If it goes a different direction, it may be a different answer..."

Councilman Brenden Elwood: "Honestly, until we know what we can offer, the city can offer, we really don't know what game we're playing with the membership."

Mayor McFarland: "I did present that [stair stepping rate increase for Sallal members] as part of my presentation, and we would have to work on what that looked like, it depends greatly on what we find in the system and if there is deferred maintenance, it has to be addressed."

This dialogue at City Council suggesting this is some sort of a game they are playing with the membership, along with the continued defamatory misinformation that Sallal has a failing system, is misleading and unproductive to members. Sallal will be posting materials to this website that will help the members decide whether it is in their best interests to sell Sallal's water system to the City.



9. Sallal did not enter a moratorium to stop growth. Sallal, as a water utility, has no authority over zoning or growth policies. When Sallal reviews new requests for water service, it evaluates them based on Sallal's water system capacity and ability to provide service. Sallal does not take positions for or against growth in its service area.