



January 2023 Newsletter

Please submit questions/comments to admin@sallal.com.

<p>Temporary Emergency Moratorium has Ended</p>	<p>Sallal is excited to announce that we have ended the temporary moratorium as of December 20, 2022! We used the last six months to check all of our records, calculations, equipment, and to conduct a leak detection survey. The primary finding was that one of our well meters was overreporting by 8.5%. That alone explained why our water usage had appeared to be so much higher than expected. Therefore, the Board was able to vote to end the temporary moratorium at the December Board meeting. The full engineering report is available on our website.</p> <p>Sallal has plenty of physical capacity to serve new connections but lacks enough water rights to serve all of the expected growth to come. It has tried to obtain additional rights from the State, but they are not available. Sallal has a pending request with Seattle Public Utilities to obtain additional supplies from Chester Morse, but it will take years for Seattle to respond. Sallal is weighing water supply options and its primary focus at this point is to obtain water supply from the City. We are continuing our efforts to negotiate acceptable terms with the City of North Bend for a water supply agreement.</p>
<p>Annual Members Meeting</p>	<p>The annual meeting of Sallal’s membership will be held on March 28, 2023, at 7 p.m. at our new office. The meeting is open to all members. The Board President will review the prior year’s events and two open Board positions will be voted on by the members at this meeting. The full notes and agenda together with the ballot for election of the board positions will be mailed to all members at least two weeks prior to the meeting.</p>
<p>Board Elections</p>	<p>Two Board positions are up for election at the March 28th Annual Member Meeting. Trustees serve a three-year term once voted in. If you are an individual member in good standing, would like to run for one of those two positions and can dedicate at least 10 hours a month to Board service, please submit a bio to Kristina@sallal.com or mail to Sallal Water Association Attn: Board Elections, PO Box 378, North Bend, WA 98045.</p> <p>Your submittal must be received by Sallal no later than 4 p.m. on February 24, 2023 to be on the ballot for the March 28th Annual Members Meeting.</p>
<p>City Purchase Survey</p>	<p>Of the 607 responses we received to our survey, 19 said “yes” and 588 said “no” to the question “Do you believe the Sallal Water Association should sell its water system to the City of North Bend?”</p> <p>Thank you to all that responded. To receive updates on this issue, please sign up here: https://sallal.com/sallal-city-water-issues/#notify</p>

<p>City Purchase - What's Next?</p>	<p>If we agree on a supply/mitigation contract, nothing is guaranteed but we think that the City's interest in acquiring Sallal's water system becomes moot.</p> <p>We have not received a purchase offer from the City and we are unaware of any results of the City's appraisal. We understand that it will not cover the value of Sallal's water rights – it will only cover the value of Sallal's real property and physical assets. To be clear, Sallal's value has not been established. If or when the City presents an offer, the Board will evaluate it and report its findings to Sallal members.</p> <ul style="list-style-type: none"> • If the Board's evaluation of the offer is negative, that will conclude the matter (although a negative evaluation will not preclude the City from attempting condemnation). • If the Board's evaluation is positive, then the statute requires the Board to submit the matter to the members for approval. If members reject the offer, that too would not preclude the City from initiating condemnation. <p>All Sallal members must remain mindful of a city's condemnation powers under state law. Condemnation is a court proceeding by which property is forcibly transferred from private to public ownership in exchange for payment of what the court deems "just compensation". Condemnation powers are not absolute and can be challenged in court, in two ways. First, Sallal may assert defenses that, if successful, could stop the proceeding altogether. If the courts strike down our defenses, the second aspect is to challenge valuation. If that happens, a judge or jury will decide the value of the condemned property.</p> <p>Finally, because the value of Sallal's water rights is an unresolved issue, Sallal commissioned an appraisal of its water rights and we hope to publish the results shortly.</p>
<p>City Contract Negotiations</p>	<p>The City has been working with Senator Mark Mullet and Representative Keith Goehner on a legislative bill to change a state law to make it easier for a city to assume/condemn a water association as well as provide state funding to pay for the acquisition. Sallal is obviously very concerned with any law that would make city condemnations easier to accomplish and has expressed that concern to these legislators.</p> <p>Both the City and Sallal met with Senator Mullet and Representative Goehner in late December, which resulted in a consensus that the easiest path forward is for the parties to continue negotiations for a water supply agreement rather than changing the state law to encourage a hostile takeover by the City. No one wants to engage in an expensive court battle.</p> <p>The City and Sallal met in mid-January to discuss a recent draft supply contract and made some progress. We came away with two main obstacles, the City's expectation that Sallal will not remain autonomous and that Sallal will change its rates and connection fees to be in line with the City's. All agreed that Sallal will propose edits to deal with those obstacles and other issues and send those back to the City for further consideration, followed by another meeting.</p> <p>The exchange of draft contract text and edits are all preliminary at this point. If the negotiation teams are able to produce a final document, it will have to be approved by the City Council and Sallal's Board. And, we have not forgotten about providing member information meetings to present whatever final document that the Board wishes to consider.</p> <p>Senator Mullet has stayed in close contact with both parties with the stated intention of ensuring that both sides are negotiating in good faith, which Sallal has appreciated. Additionally, Senator Mullet has told Sallal that there is a possibility of receiving state funds to help cover the costs for both Sallal and the City to build the necessary infrastructure for the interties to make the supply agreement work.</p>