

**SALLAL WATER ASSOCIATION
MINUTES OF APRIL 24, 2023 PUBLIC INFORMATIONAL MEETING REGARDING PROPOSED
WATER SUPPLY CONTRACT WITH THE CITY OF NORTH BEND**

MEETING COMMENCED AT THE SALLAL WATER ASSOCIATION WAREHOUSE (47230 SE 144th Street, North Bend WA 98045) at 6:06 pm.

Persons Present: Association Board, management and staff, counsel, engineer, Department of Ecology representative, Department of Health representative, and 86 member and public attendees.

WATER SERVICE AGREEMENT PRESENTATION: Ms. Hibma reviewed the negotiation process with the City and benefits of the proposed water service agreement with the City of North Bend. She noted that late last summer, the City made an offer to buy Sallal's assets and Sallal was in a temporary moratorium. New negotiation team members were appointed and they were able to restart contract negotiations. Sallal would benefit from the contract by keeping it out of a moratorium. Going back into moratorium could affect the availability of lending and insurance.

MAIN WATER SERVICE AGREEMENT POINTS: Attorney Richard Jonson encouraged attendees to view the proposed contract posted to Sallal's website. He briefly reviewed the main points of the contract. Mr. Jonson explained that the contract provides Sallal with water to serve its needs within City limits and the City gets a limited amount of mitigation water. No water is provided until both interties are built. All water must be replaced by the City in the same calendar year - it's a swap.

STATEMENT AGAINST THE CONTRACT: Mr. Formisano and Mr. Costello presented points of disagreement about the contract along with a series of slides that approximately followed their rebuttal document posted to the Association website. Their points included that the draft contract fails to protect Sallal; it makes Sallal the primary provider of mitigation water and dependent on City water; there are unknowns due to growth and climate changes that have not been analyzed; lack of a rate study; lack of specificity in intertie exhibits; Sallal has federal statutory protection from condemnation; funding from the State is one-sided; duty to serve is eliminated when water right is totally consumed and many water systems are able to operate without the ability to serve new connections; conservation requirements are undefined; and lack of USDA approval to contract terms.

ENGINEERING PRESENTATION: Mike Johnson of Gray & Osborne presented a series of slides that analyzed Sallal's excess daily withdrawal rate capacity and the City's daily mitigation requirements. He stated that based on water usage history, Sallal has capacity to provide the City with mitigation water on most days but noted limitations on receiving replacement water on the same days that mitigation water is provided. He stated that Sallal could draw down replacement water either before or after times when mitigation water is not needed. He noted that this presentation has also been presented to North Bend City Council and the Sallal Board.

VISITOR COMMENTS:

- What is the Board's response to Mr. Formisano's and Mr. Costello's comments?
- Why is this contract being rushed?

- We are doing this so North Bend doesn't have to store 100-acre feet of water.
- Prepare specifications for the new facilities before you sign contract.
- There shouldn't be any growth.
- Did Sallal request the City to guarantee that it will not condemn Sallal?
- Contract does not recognize Sallal's senior water rights.
- If the City can't return water in a year, what happens?
- Appalled at the need for security guards in the bldg.
- We don't want to be taken over by the City.
- It amazes me that two adversarial parties are using the same consulting firm for analysis.
- If we let North Bend in, how much power do they have?
- The contract does nothing for the river and the fish.
- Both the City and Sallal will have to re-assess their water capacity if this contract is not entered into.
- I ask the Board to retract the motion you made on April 18th.
- The DOE lost a suit that is very similar to our situation in North Bend.
- Redo the engineering and don't sign the contract until this is done.
- Contract is needed for the sake of our kids. Proceed with the contract.
- DOH and DOE representatives commented on Sallal's water rights, the reliability of Hobo Springs and DOH request for updated water system plans from Sallal and the City.

Meeting concluded at 8:16pm