

Sallal Water Association Special Member Meeting

Statement Against the Water Supply Agreement (Contract) with North Bend

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Sallal Board of Trustees
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Purpose of this Special Meeting

- Inform the members of the particulars of the Contract
- Members provide input: questions & concerns, recommended contract changes, support for or against

Contract Must Meet Basic Requirements

- 2018 Member Vote – of the 273 participants, 83% voted against a contract unless:
 - Proof satisfactorily that a Contract does not negatively impact water availability to Sallal members
 - Proof satisfactorily that a Contract does not negatively affect Sallal member rates

Contract as written Fails

Key Issues

- Risk reduction contract terms removed
- Negative impacts to water availability are likely
- Engineering Analysis is incomplete
- All Sallal members will be negatively impacted
- Financial Analysis has not been performed
- Pricing has not been defined
- Details of Operating the Interties and Contract Administration are undefined

Risk Reduction Terms Removed

- Hobo Springs is, and should continue to be, the **primary** source of mitigation supply to the City.
- Sallal mitigation water should be a **backup** source to Hobo Springs.
- Sallal should only be a **supplement** to Hobo Springs when Hobo Springs mitigation supply is insufficient.
- Sallal can provide **surplus** water for mitigation when able.
- To minimize risk, Sallal should receive municipal water **before** delivering mitigation water (**banking**).

Negative Impacts to Sallal Water

- Demand from growth will exceed Sallal's water right
- Sallal will be dependent on water from the City
- Combined Sallal and City demand can exceed the production capability during times when instream flows are low, and mitigation supply is insufficient
- Sallal will experience water curtailments – which could be very large.

All Sallal members will be impacted

Engineering Analyses

- Analyses to date are incomplete
- The full range of scenarios considering both Sallal and City demand have not been performed
- Negative impacts to Sallal water have not been properly assessed
- Use well proven engineering tools:
 - Monte Carlo Simulation
 - Boundary and Sensitivity analysis

Financial Rate Study Needed

- Analyze member billing rates under two scenarios:
 - **Without** Contract - When Sallal membership growth is capped (no new members)
 - **With** Contract - Expected wholesale rates for North Bend municipal water
- Contract rates for additional supply **undefined**

Terms for Operation & Administration are Deficient

- Contract Intertie Exhibits A & B Deficient
- Need conceptual level intertie designs
- Need instrumented Flow Diagrams Sequence of Operations
- Impacts due to one or two pumps
- Impacts due to change in chlorination
- Impacts and risk due to loss of pump redundancy
- Water Usage Plan is undefined

Threat of Condemnation

- **Never** goes away
- The Contract does **not** protect Sallal from this threat – it says so.
- The Federal Statute 7 USC 1926(b) provides strong defense based on numerous court rulings throughout the country.
 - Including condemnation and encroachment.

Funding From the State

- The funding appropriation has **conditions** the contract must meet:
 - **Ensure** a **minimum** of 100AF annually
 - of **permanent** mitigation supply to the City (???)
 - This is a **one-way** street benefiting the City, with no equivalent benefit for Sallal.
- Funding comes from DOH Rehabilitation & **Consolidation** program - What does that mean?
 - Is this setting Sallal up for a takeover by the City?

Funding requirements don't match Contract Terms

Other Considerations

- **Property values will NOT be negatively impacted.**
- **The Duty to Serve is limited.**
 - Revise Sallal service area to match its available water supply
 - Sallal has done this before – circa 2003
 - Water System Plan amendment is the mechanism
- **City's Water Conservation Act**
 - Applies to Sallal members in City limits
 - Sallal conservation policy must be substantially similar
- **USDA Review and Approval are needed**
 - Some terms appear to violate loan security agreements

Sallal's Public Statement

“To conclude, if the water systems are married whether through contract or consolidation, all Sallal members will be forced to curtail water usage when the City is unable to obtain sufficient mitigation water to allow Centennial Well to match demand (from both the City residents and Sallal UGA members). These curtailment events would be directly tied to the duration of low instream flows in the Snoqualmie River (which could be days or weeks) and are unpredictable as to when they may occur and their magnitude. But statistically, such events are likely. ***This negative impact of the water supply to all Sallal members would effectively subordinate Sallal's senior water rights to the mitigation requirements of the City water system....***”

This issue remains unresolved

Conclusions

- The Final Draft Contract is not in the best interest of Sallal members
- The level of risk is unacceptably high
- Those risks **can** be corrected, but if not, the contract should **not** be executed.
- Visit the Sallal website for a more detailed explanation of these concerns.
- Be sure to get a handout of the Quick Facts regarding these concerns.
- Check your social media outlets for a copy of our detailed review comments of the Draft contract.

Thank you for listening!