

**ALWA Board of Directors  
Meeting Minutes  
August 26, 2008 (and August 28, 2008)  
Fall City Fire Station #27  
4301 334<sup>th</sup> Place  
Fall City, WA 98024 (and Association Business Office)**

**1.) Call to Order:**

President Perry Cole called the meeting to order at 7:30 P.M. Present were Board members Michael Bicak, Merlyn Blue, Perry Cole, Mark Freeman, Mike Hickey and David Hoffman. Board Member Matthew Rodger was absent. Also present were Scott Hemingway, General Manager, John Hastig, engineer with Gray & Osborne, Dick Jonson, counsel, Bob Pancoast, Hydrogeologist with Compass Geographics, Susan Stevens, Association Bookkeeper, Jeremy Reier, Water Operator and Sharon Bakke, Administrative Coordinator.

Also present were nineteen members of the Association

**2. Changes or Additions to Agenda**

President Cole said he would like to move agenda item #11, Member Calls and Letters, to the top of the agenda. He said the Board had received a number of letters from members regarding rates. Members present requested he read the letters aloud, which he did.

**3. Business from Floor**

Members present were called upon for comments when they raised their hands. All complained about the recent rate increase, especially as it applies to usage in the higher tiers. Members stated they were shocked by the size of their bills. Some said they could not pay as much as they had been charged for water. Some complained the Association had not given them sufficient notice of the rate increase in a form they could apply to their own particular situation. Discussion ensued with the Board answering questions and listening to member statements. Scott explained the water loss policy. Toward the end of the meeting, members present began to make suggestions to the Board about how to solve their complaints, which President Cole made note of and said the Board would consider.

At this point most members left the meeting and the Board turned to regular business.

**4.) Minutes**

**MOTION 08-26-08-01** – Mike Hickey moved and Michael Bicak seconded motion to approve the meeting minutes from July 22, 2008. Motion carried unanimously.

**6. Financial Reports and Membership Count**

**a.) Check List** – Perry asked if the Board had reviewed the check list, then allowed time for Board Members to review. Michael Bicak told Susan he liked the new format and other Board Members agreed.

**MOTION 08-26-08-02** – Michael Bicak moved and David seconded motion to approve check list. Motion carried unanimously.

**b.) Membership list**

**MOTION 08-26-08-03** – Michael Bicak moved and David seconded motion to approve the Membership List. Motion carried unanimously.

c.) **Aging Accounts:** Scott gave a summary report of delinquent accounts, saying there were 2 new ones this month that would likely be shut off for non-payment. He said both houses were vacant.

*The time being near 10:00 PM, President Cole proposed the meeting be temporarily adjourned until Thursday August 28, 2008, 7:30 P.M. at the Association Business Office, at which point the Board will consider solutions to the complains and the rest of the Agenda will be taken up.*

*Upon motion duly made and seconded, the meeting was temporarily adjourned to be resumed at the time and place suggested by Mr. Cole.*

**Meeting Resumed Thursday, August 28, 2008, at the Association Business Office.**

**Call To Order:**

President Perry Cole called the meeting to order again at 7:30 P.M. Present were Board members Merlyn Blue, Michael Bicak, Perry Cole, Mark Freeman, Mike Hickey, David Hoffman and Matthew Rodger. Also present were Scott Hemingway, General Manager, John Hastig, engineer with Gray & Osborne, Dick Jonson, counsel, Bob Pancoast, Hydrogeologist with Compass Geographics, Susan Stevens, Association Bookkeeper and Sharon Bakke, Administrative Coordinator.

Also present were 15 members of the Association.

**11.) Member Calls & Letters** – President Cole said we would resume the matter regarding member calls and letters. He read aloud two letters regarding the rates that had been rec'd by the Association since the meeting on August 26<sup>th</sup>. Then he opened the floor for members present who would like to speak. Lengthy discussion ensued about how steeply and quickly the rates went up and how dissatisfied the members present felt about how they were notified of the pending change. Discussion then moved to how the problem of member's high bills be addressed and the Board once again reviewed suggestions made by members. Dick Jonson, counsel with Jonson & Jonson, advised of several basic legal principles concerning adoption of utility rates in general and of obligations set forth in USDA loan documents. Mr. Cole summarized ten proposed solutions to the rate increase aloud and each was discussed. It was agreed that proposals for future remedies did not address the current problem of high bills for July usage. The Board explained the reasons for rates being set as they are. Matthew said "For the record, the Association's audited financial statements are available on the website and we are in the middle of an audit right now." He suggested members review our financials to better understand our financial situation. Mr. Jonson suggested an executive session so he could provide legal advice to the Board.

**MOTION 08-28-08-04** – Merlyn moved and Matthew seconded motion to move into executive session for rate discussion. Motion carried unanimously.

The Board, staff and consultants then convened the executive session at approximately 8:55 pm in the lower section of the business office. The guests remained upstairs. At approximately 9:20 pm, the executive session was concluded and the regular session of the meeting was reconvened.

Discussion continued with Perry explaining that the rates set for tiers 6 through 10 were a mistake and needed correction. Discussion ensued. John projected a computerized rate structure spreadsheet up on a screen for everyone to see. Different figures were inserted in the rate tiers to determine the impact of how changes in the rates would affect the budget and capital improvement project timeline. Changes in base rates were also analyzed and considered but it was concluded that the Board should just address tiers 6 through 9 at this time.

**MOTION 08-28-08-06** – Michael Bicak moved that the Board amend the fee schedule to reflect the following changes:

Tier 6 – 15,001 to 25,000 gallons be reduced to \$6.00 per 100 gallons from \$10.00.

Tier 7 – 25,001 to 35,000 gallons be reduced to \$8.00 per 100 gallons from \$12.00.

Tier 8 – 35,001 to 45,000 gallons be reduced to \$10.00 per 100 gallons from \$14.00.

Tier 9 – 45,001 to 55,000 gallons be reduced to \$12.00 per 100 gallons from \$16.00.

Excess of 55,000 gallons be reduced to \$14.00 per 100 gallons from \$18.00.

Such changes to be retroactive to the inception of this fee schedule on 5/1/08; that staff will apply credits to member accounts accordingly on the next regularly scheduled billing; that all late fees on member accounts be suspended for the August 10, 2008 billing; and that members be required to pay at least the fixed fees on their August 10 bill by the September 5 due date.

Discussion ensued and the motion was seconded by Merlyn.

**MOTION 08-28-08-07** - Matthew moved that the above motion be amended to leave off the last statement about members being required to pay at least the fixed fees on their August 10 bill by the September 5 due date. Mike Hickey seconded the motion, the amendment motion carried unanimously.

A vote was then held on the main motion as amended. Motion carried unanimously.

It being close to 10:00 P.M., Mr. Cole then asked if any other agenda items were of a pressing nature that could not be postponed until the next regular Board meeting. Scott said we needed to deal with the Emergency Intertie Agreement. All of the guests left the meeting.

## **8. New Business**

### **a.) Sammamish Plateau Emergency Intertie Agreement and Developer Extension**

**Agreement** – Scott said he and John had met with representatives from Sammamish Plateau and explained the agreement he had worked out with them for an emergency intertie. A proposed agreement that was prepared by Sammamish Plateau and had been reviewed and changed by Scott and Dick Jonson was reviewed and discussed. Scott then recommended that the Board accept and sign the agreement.

**MOTION 08-28-08-08** – Merlyn moved and Mike Hickey seconded motion to approve the agreement with Sammamish Plateau Water and Sewer District. Motion carried unanimously.

Scott said the other item of new business that needed to be addressed was # 8b).

**b.) Jaki Beshur (#49) Request for Commercial Account** - Scott referenced materials sent to the Board in their packets about Ms. Beshur's request to have her account changed from residential to commercial. She had submitted a letter, a copy of her business license, a copy of her property tax stub showing the parcel as classified "Open Space Farm & Ag", and

information from the King County Parcel Viewer on their web site showing Assessor information associated with her parcel, such as an open space exemption.

**MOTION 08-28-08-09** - Merlyn moved and David seconded motion to move into executive session to discuss commercial accounts. At approximately 10:15 pm, the executive was convened.

At approximately 10:25 pm, the executive session was concluded and the regular session of the meeting was reconvened.

**MOTION 08-28-08-11** – Merlyn moved that applicants for commercial accounts must provide further documentation about their business, such as a copy of their Income Tax Schedule C and business plan, to show their business is a viable enterprise. Also proposed was that this item be tabled until the next meeting. Mark seconded the motion and it carried with Matthew abstaining.

*President Cole suggested the meeting be adjourned due to the late hour and that the rest of the agenda items be taken up again at a special Board meeting on Tuesday, September 9, 2008 at 7:00 P.M. (instead of the usual 7:30 P.M.) at the Association Business Office.*

*Meeting was adjourned at 10:30 P.M.*

Minutes taken by Sharon Bakke