

**ALWA Board of Directors
Meeting Minutes
May 26, 2009**

1.) Call to Order:

President Perry Cole called the meeting to order at 7:00 P.M. Present were Board members Michael Bicak, Merlyn Blue, Perry Cole, Mark Freeman, Mike Hickey and David Hoffmann, with Matthew Rodger present via speakerphone. Also present were Scott Hemingway, General Manager, John Hastig, engineer with Gray & Osborne, Dick Jonson, counsel, Bob Pancoast, Hydrogeologist with Compass Geographics, Sharon Bakke, Administrative Coordinator, and ten members: John Gelfuso, Lu Kroener, Simon Conant, Robert D. Suit, Kert Zavar, Greg Jones, Michael L. Bell, Jr., Tracy Emmanuel, Paul Bride and Ron Kooistra.

2. Changes or Additions to Agenda

PUBLIC MEETING REGARDING THE WATER SYSTEM PLAN

Board members and consultants introduced themselves. Scott then gave a presentation on the Water System Plan, explaining that it is a long term planning document that utilities are required to submit to the Department of Health every six years. He said the Plan provides the Department information about system reliability, current number of connections, service area boundaries, number of undeveloped parcels within the service area and whether water sources are sufficient to serve all the parcels in the service area. Scott explained that we have a certain obligation to serve all lots in our retail service area, but that obtaining more water rights in the Snoqualmie Basin to meet this obligation is unlikely in the future. The Water System Plan is the Association's commitment to our capital improvement plan and includes information on how those improvements will be funded. Last year's rate increase was part of the capital funding plan. Capital improvements will address the Board's commitment to meet water pressure and fire flow requirements that are not currently being met in some areas of the system.

Scott went on to explain the Association's water rights and Bob Pancoast explained that they are allocated by the Department of Ecology, how they are allocated, why the Snoqualmie Basin is largely closed, and that limits on the amount of water the Association can pump are based upon regulation.

The guests questioned the need for the Association to purchase Seattle water. Scott said that water purchased from Seattle Public Utilities will be chlorinated surface water and that the Association will need to treat our water also once the intertie is established for operational use. Scott stated that the current rate for wholesale water is approximately \$0.24 per hundred gallons, so once the availability of water is so substantially increased, it is possible our rates may go down in the upper tiers, but that there will be costs for wheeling charges as well, and he is not sure how these costs will affect rates. John Hastig explained that the Department of Health and King County have certain expectations about the Association's ability to serve all the parcels in our retail service area, but that the Department of Ecology is limiting the amount of water available. Also, our ability to serve is being impacted by the fact that the yield of our wells is decreasing. This is to be expected with older wells, but it means our existing sources can't supply full demand and other sources need to be explored. He expects

it will be less expensive in the long run to purchase water rather than drill more wells or re-drill older ones.

At that point, the floor was opened for member questions, which the Board and Consultants answered. Questions addressed were on the following topics:

- Why it isn't practical to store enough water in winter to address summer needs,
- Details on the Association's actual water rights, instantaneous and annual, along with average and peak volumes pumped,
- What happens if water right limits are violated,
- Having the Association join another water purveyor,
- Why rates are so high for people who water outdoors in summer and why other utilities have lower rates for summer irrigation,
- How long would proposed contract with SPU last,
- And how much water use is typical for domestic household use.

Mr. Hemingway and the consultants responded to the questions. Discussion turned to water rates, then to the Association's ability to serve undeveloped parcels within the retail service area and water disinfection using chlorine. Scott said approximately half of the system has chlorine residuals already, which is related to iron and manganese removal and there is a trend toward chlorine disinfection nationwide. Further questions were addressed:

- Will the Association abandon our well sources if the intertie with Seattle is accomplished,
- How long will contract negotiations take and can we expedite them,
- Does SPU offer a price break when a greater quantity is purchased,
- Is conservation part of the Water System Plan,
- Will the Association stay in moratorium once the emergency intertie with Sammamish Plateau Water and Sewer District is in place,
- And how much did development of the Water System Plan cost.

Mr. Hemingway and the consultants responded to the questions. Perry asked if there were any specific suggested changes to the Water System Plan. Member Simon Conant suggested that since this Plan was such a big decision for the Association, the matter of its approval be put to a vote of all members by ballot. Discussion ensued. Dick Jonson said the decision to approve the Plan is clearly vested in the Association's Board of Directors.

At 8:40 P.M., all the members assembled for the public meeting left except for Mr. Robert Suit.

3. Business from Floor

a.) Mr. Robert Suit, member # 1060, made a presentation to the Board requesting assistance with a leak in his service line. He explained that his service was installed in the year 2000, and according to his version of the By-Laws, the Association was obligated to install his meter at the edge of his property. When he installed his service, according to Mr. Suit, Renny Lillejord refused to extend the main to his property line and instead installed his meter towards the top of his driveway where other meters were located, resulting in a very long water service line. He stated the leak was located somewhere in his service line. Discussion followed with the aid of parcel and system maps about his property configuration, location of

water lines at the time of construction, and the Association's respective obligations. Part of the discussion included the fact that in years past, the neighborhood had been served by a well of its own and some service was already in place when the Association took over service to the area. It was determined that perhaps there could have been a main extension installed by the developer at the time, but there was not. Association policy is that water main extensions are paid for by the developer, and given the fact that Mr. Suit's first house was built in 1992, before the lot line adjustment was complete and the second house built in 2000, it was well past the statute of limitations for him to make a claim to the Association on this point. Association policy is that equipment on the member's side of the water meter is the member's responsibility to maintain. After discussion, the Board determined that the Association would be unable to assist Mr. Suit with his service line leak.

At 9:20 P.M., Mr. Suit left the meeting.

4.) Minutes

MOTION 05-26-09-01 – Matthew moved and Mike Hickey seconded a motion to approve the meeting minutes from April 28, 2009. Motion carried unanimously.

5.) Action Item Status Reports

Tabled

6.) Financial Reports and Membership Count

a.) Check List –

MOTION 05-26-09-02 – Matthew moved and Mike Hickey seconded motion to approve the Check List. Motion Carried unanimously.

b.) Membership List

MOTION 05-26-09-03 – Merlyn moved and Matthew seconded motion to approve the Membership List. Motion carried unanimously.

c.) Aging Accounts: Tabled

7. Old Business

a.) Tall Chief – Scott reported that he had developed an accounting of costs, both expended to date and anticipated, for the remainder of the project. His estimate was approximately \$36,000.00 for administrative fees alone and did not include any amount for memberships, main extensions, meters and the like. Dick said he had prepared a revised contract and sent it to them. Now we're awaiting a response. Bob said they are planning to meet tomorrow.

b.) Moratorium – nothing new

c.) Connection Charges – Scott said the contractor is still working on the project and hopes to have a report for the Board by the meeting next month.

d.) Water System Plan – Perry asked if anyone had substantive changes they would like to propose for the Plan. John said he expected an amendment may need to be submitted after a permanent source of water supply is obtained.

MOTION 05-26-09-04 – Merlyn moved to approve the Water System Plan as commented upon and amended. David seconded motion. Motion carried unanimously.

Action Item – Sharon please submit draft minutes to Board via email for approval prior to Water System Plan due date.

- e.) **New Office/Shop** – nothing new except that De-En Lang has been paid. Michael Bicak asked for more detail about the Board approved costs for the conditional use permit. Sharon said costs include county permitting, septic design, a traffic study and more; details are outlined in last month’s board packet.

8. New Business

a.) **Office Lease** – The Board discussed the lease extension agreement proposed by Glen and Becky Gordon for the office space. Rent was raised from \$935.00 per month to \$1135.00 per month. Perry stated that represents an increase of 20%.

MOTION 05-26-09-05 – Matthew moved to approve the lease extension agreement. Mark seconded the motion. Motion carried with Merlyn opposed. Perry signed the lease extension agreement.

9. Management Report – Scott said he had nothing to add to his written report. He went over where we are on specific projects. Systems Interface had sent a cost estimate on a few items for the SCADA controls, copies of which were in the board packets. Scott said the cost of some of the items was greater than \$10,000.00, or close to it, so he wanted to go over the projects with the Board. Discussion ensued about project details and timelines.

MOTION 05-26-09-06 – Michael Bicak moved and Mike Hickey seconded a motion to authorize \$40,000.00 for SCADA system projects and improvements. Motion carried unanimously.

10. Consultant Reports – nothing further.

11.) Member Calls and Letters – none.

12.) Business from the Board –

9:47 P.M. Merlyn moved and Mike Hickey seconded a motion to move into executive session to discuss an easement issue. The Board came out of executive session at 10:03 P.M.

13.) Action Item Review – Sharon said the only action item is for early approval of minutes from this meeting. Perry stated he would be out of town for the July board meeting.

14.) Next meeting – June 23, 2009, 7:00 P.M. at Association Business office.

13.) Meeting Adjourned – 10:10 P.M.

Minutes taken by Sharon Bakke

Approved, Michael Bicak, Board Secretary

Date

This Meeting's Action Items

#**	Start Date	Action	Requester	Owner	Due Date	Status/Comments
9052601	5/26	Submit minutes from May 26, 2009 meeting to Board via email for approval before deadline to submit Water System Plan.	Board	Sharon	6/5/09	

** First digit indicates year, second & third digits indicate month, third & fourth digits indicates number of action item in that month.