

Dear Westside Water Member,

We are writing this letter to invite you to a Special Meeting of the Westside Water Association to be held via an online Zoom Conference call on Wednesday, March 16th. The purpose of this meeting is for the members to vote on the proposed changes to the Association Bylaws as detailed in this letter.

When: March 16th, 2022 at 7 pm via Zoom

The meeting is being held via Zoom.

Members, please reference the email notice or the hardcopy mailed to your house for the Zoom login credentials.

Please “arrive” ½ hour before the meeting to check in. Your early arrival will allow the time for us to record your attendance. We need at least 60 members to join the meeting via Zoom, or by proxy, in order for the vote to proceed. So please, **if you are unable to attend, take a moment to assign your proxy to someone you know who will be attending.** A list of people who are committed to attending is provided below (see “Proxy Statement”). Proxies will be verified by the Association’s Secretary prior to the meeting. You can scan and send your proxy via email to manager@westsidewater.org or send it by mail to PO Box 267.

We will be utilizing the Zoom Green “Yes checkmark” and Red “No X” buttons for the voting process (similar to the last two Annual Member Meetings). If you have questions on how to use these buttons we encourage you to show up early in the check in period so that assistance can be provided.

PROXY STATEMENT

I, _____, member of the

Westside Water Association, do hereby authorize (*pick from list below or write in a member's name you know will be attending the meeting*)

_____ to vote my share at the

March 16th Special Member Meeting of the Westside Water Association.

Signed _____ Account # _____

Dated _____

Please designate a proxy from the following who have committed to attend this meeting:

- Jeff Thurlow _____
- Richard Perret _____
- Adrian Witherspoon _____
- Jim Cross _____
- Pat Call _____
- Doug Dolstad _____
- Other (please identify by name) _____

Summary of Proposed Bylaw Changes

The Westside Water Association (WWA) Board created an ad-hoc committee consisting of 3 general members and 2 Board members to review the existing sections of the Association Bylaws and Standard Operating Procedures that pertain to the offering and sales of shares to insure congruence and consistency. The ad-hoc committee provided recommendations to the Board for updates to both documents. The recommendations include clarifying and updating language to align with current County and State processes. The committee provided recommendations that are intended to follow the historical intent of the existing WWA Bylaws.

Key Terminology → ERU

DOH utilizes an ERU (Equivalent Residential Unit) method of measuring water volume per service connection. This ERU figure is used for all system planning and dimensioning calculations.

Based on historical data, in 2020 WWA defined (and DOH accepted) the Association's maximum ERU as 500 gallons per day per connection. A WWA share entitles each Member to a maximum of 500 gallons per day per the ERU. We are happy to supply more when we have it, but the obligation the Association has to provide members with safe and reliable drinking water is limited to 500 gallons per day per connection as per our ERU policy.

PROPOSED BYLAW CHANGE 1

Update “Water Rights” to “Water Share”

The existing Bylaws use the term “Water Rights” to denote “Water Share.” (15 occurrences)
In today’s terminology, water is owned by the public and the right to use any water is granted by the Washington State Department of Ecology to individuals or groups in the form of a “Water Right.”

WWA has been granted the “Water Rights” to pull water from the land. WWA is then authorized to issue a defined number of connections to our system by DOH based on our defined ERU. WWA tracks the authorized connections by means of a “Water Share.” WWA members are not given and do not own a “water right.”

Of the 15 occurrences of “Water Rights” term being used to reference “Water Share” in the existing Bylaw, 10 are accounted for in the other following proposed Bylaw changes. The remaining 5 occurrences are proposed to also be updated.

PROPOSED BYLAW CHANGE 2

ARTICLE VI, SECTION 2

EXISTING

“In the first sixty (60) days after the adoption of these amended Bylaws, and during the first sixty (60) days of each succeeding twelve (12) month period, existing members of the corporation may purchase one additional water right from the Corporation so long as such additional number of water rights sold does not exceed the number of new members allowed in Article V hereof and provided that no person or group may purchase more than one water right within a twenty-four (24) month period.”

CONCERNS

- 1) References an old Bylaw amendment date as the trigger for the share sales process.

PROPOSED NEW

“In the first sixty (60) days of the twelve (12) month water share sales period, existing members of the corporation may purchase one additional water share from the Corporation so long as such additional number of water shares sold does not exceed the number allowed in Article V and provided that no person or group may purchase more than one water share within a twenty-four (24) month period.”

BENEFITS

- 1) Removes reference and trigger associated with the old Bylaw Amendment date.
- 2) Maintains existing members get priority during first 60 days of share sales period.
- 3) Maintains limit of 1 share purchase within 24-month period for any person or group.

PROPOSED BYLAW CHANGE 3

ARTICLE VI, SECTION 3

EXISTING

“Water rights will be sold only upon the applicant supplying to the Board of Trustees proof of building plans for a residence on applicant's property. If the residence is not occupied within twelve (12) months from receipt of the water right, the water right will be returned to the corporation, and all money paid by the applicant refunded. Extension of time to complete the residence may be granted at the sole discretion of the Board of Trustees.”

CONCERNS

- 1) Does not align with current day building permit procedures which require the demonstration of water availability prior to getting OSS approval and then a building permit.
- 2) A 12-month occupancy requirement is not realistic in today's permitting and building processes.

PROPOSED NEW

“If a purchased water share is not utilized for providing domestic water service to the associated parcel within 3 years after purchase the Board of Trustees may revoke the share. The water share will be returned to the corporation and the original purchase cost refunded to the applicant. Extension of time may be granted at the sole discretion of the Board of Trustees.”

BENEFITS

- 1) Removes dependency of having “building plans” in order to purchase of share.
- 2) Still requires share holder to use the share for domestic water within a defined time frame or the Board may choose to revoke the share.
- 3) Extends the time of enforcement to a more realistic 3-year timeframe, while still allowing the Board to grant extensions to the enforcement time. Note: originally proposed change was for a 5-year timeframe, but due to concerns voiced at the Aug 5th, 2021 Info Session this was reduced to a 3-year timeframe.

PROPOSED BYLAW CHANGE 4

ARTICLE VI, SECTION 5

EXISTING

“Cost of a water right shall be determined by the Board of Trustees and shall include the water right and the use of one meter. Payment will either be in full at time of application or, subject to Board approval, by paying 50% down at time of application with the balance to be paid over twelve (12) months with interest charged at 1% of the monthly outstanding balance. Hook-up costs will be borne by the new member. Any costs to extend present system to serve new water rights will be borne by the new water right holder.”

CONCERNS

- 1) Requires payment at time of application instead of when share offered for purchase to applicant.
- 2) Payment option of 50% down and 50% over 12 months requires WWA to manage. This added complication is not necessary.

PROPOSED NEW

“Cost of a water share shall be determined by the Board of Trustees and shall include the water share and the use of one standard meter. Payment will be made in full within 30 days of the time the share is offered for purchase to the applicant by the Board. Hook-up costs will be borne by the new member. Any costs to extend the present system to serve the new water share will also be borne by the new water share holder.”

BENEFITS

- 1) Removes the option to pay 50% down and 50% over 12 months.
- 2) Changes payment required at time of application to when share offered for purchase to an applicant.
- 3) Maintains that hookup costs and the cost to extend the present distribution system, if necessary, are borne by the new water share holder.

PROPOSED BYLAW CHANGE 5

ARTICLE VI, SECTION 1

EXISTING

“Each member shall have the right to purchase one water right for one residence located on the member's property.”

CONCERNS

- 1) “Residence” is a difficult term to enforce and WWA has not traditionally been successful at enforcing the association’s definition of residence.
- 2) Multiple definitions of residence occur within various state agencies. State agencies continue to update their definitions in order to keep up with things such as Accessory Dwelling units.

PROPOSED NEW

“Each applicant shall have the right to purchase one water share, valid for a single ERU, for one tax lot parcel that the applicant owns.”

BENEFITS

- 1) Removes “residence” from the definition of a share. Instead defines a share to align with the ERU policy that a share is an obligation between the Association and the Member to supply up to 500 gallons per day as stated in the ERU policy.
- 2) Pushes the permissible use determination and enforcement to King County.

PROPOSED BYLAW CHANGE 6

ARTICLE V, SECTION 2

EXISTING

“The Board of Trustees shall establish the number of new members admitted to the corporation in a given twelve (12) month period; provided, however, that in the first twelve (12) month period following the adoption of these amended Bylaws the number of new members admitted will not exceed eight percent (8%) of the total membership at the time of the adoption of these amended Bylaws. In subsequent twelve (12) month periods the number of new members shall not exceed four percent (4%) of the total membership at the beginning of the period. If within a given period the limit of new members is not reached, then that number may be admitted during the subsequent periods without applying to that period's quota. The Board of Trustees shall not approve any new members of the corporation for the first sixty (60) days of any twelve (12) month period, and in no event shall the Board of Trustees approve any new members if there are no water rights available after present members have exercised their option to purchase additional water rights as described in Article VI.”

CONCERNS

- 1) References a share sales start period triggered by an older Bylaw Amendment date.
- 2) Defines an outdated 8% first year limit that was only applicable to the first year after the older Bylaw Amendment date.
- 3) Has a carryover clause that can be interpreted as aggregating the 4% max each year even in years when shares are not offered for sale.

PROPOSED NEW

“If additional water shares are available, the Board of Trustees shall establish the number of new water shares to be offered for sale in a given twelve (12) month period; provided, however, that the number of water shares sold does not exceed two percent (2%) of the total number of existing issued water shares at the beginning of the twelve (12) month period. During the first sixty (60) days of the twelve (12) month sales period, existing members shall have first right of purchase of new water shares as described in Article VI.”

BENEFITS

- 1) Removes references and trigger associated with the old Bylaw Amendment date.
- 2) Removes outdated 8% first year limit that was only applicable to the first year after the older Bylaw Amendment date.
- 3) Removes the possible carryover of un-sold shares within a year.
- 4) Lowers the max cap to 2% per year from original 4%.
- 5) Maintains member priority for first 60 days of any 12-month share sales period.

Below is a copy of the “update on the proposed Bylaw and operating procedure changes” letter that was emailed to members on February 9th. We are including a copy of it here to ensure that anyone that did not receive the email version receives a copy. The Appendices referenced in the letter are not included here, but are available on the WWA website.

The Board has now spent several months carefully considering the issue of whether to move forward with the sale of new shares and, if so, how to allocate any new shares. In this process the Board has taken the time to listen to diverse member opinions and to carefully consider those opinions. As a result of that process, the Board has decided to proceed with the approach detailed below for the handling of this important issue. The Board is confident that this approach reflects the overwhelming majority of WWA members’ desires for managing our water resource.

In this update, the Board provides a summary of the necessary next steps, a description of its current process involving future water share allocation, and a discussion of some of the specific member input and concerns that have influenced this plan.

PROPOSED BYLAW CHANGES (*Special Membership vote will be scheduled in March*)

Based on member input, the Board will now move forward with initiating a Special Meeting, as required, to allow membership to vote on the proposed Bylaw changes. These Bylaw changes were originally proposed in August 2021 and then “paused” pending further discussion. The details for the Special Meeting (date/time and place) will be provided prior to the meeting. [\[Now set for March 16th, 2022 at 7pm\]](#)

It is important to remember that most of these proposed changes are primarily to clarify and update the Bylaws to align with current County and State laws.

These clarifications include:

***Add the Equivalent Residential Unit (ERU) terminology to the Bylaws to align with current WAC Title 246 Chapter 246-290 standards which governs community water systems like WWA.

***Update Bylaw terminology from “Member Water Rights” to the more accurate “Member Water Share”

See Appendix A for the details of all the proposed Bylaw changes that the membership will be asked to vote on.

NOTABLE BYLAW CHANGE

There is one proposed Bylaws change that involves future water share allocation and which caused the most confusion back in August: the annual limit on offering water shares for sale. On this topic there are some important points that the Board wants to make clear.

First, it is important to understand that the *current* Bylaws limit the number of shares that the Board can release in a given year to 9 shares. This has been the rule for many years.

The proposed change to Article V, Section 2 of the Bylaws *lowers this maximum number of shares that can offered for sale in a given year to 4 shares*. Additionally, the Board reserves the right to release *less than* the maximum number (i.e., less than 4 shares under the proposed change) in a given year.

See Appendix A for the details of all the proposed Bylaw changes that the membership will be asked to vote on.

SHARE RELEASE SCHEDULE – *Timeline going forward*

Some WWA members expressed a concern that the new Back 40 well may not have been up and running long enough to guarantee sufficient quality and quantity of water production. While the Board is very confident that the Back 40 well is reliable within the significant constraints anticipated for its operation (peak summer usage for short durations), the Board nonetheless has adopted the following strategy and timeline in response to member concerns.

Spring '22 → only 4 shares will be offered for sale. The sale of these four shares will allow us to replenish the Capital Asset Replacement (CAR) Fund that paid for the Back 40 well purchase.

Spring '23 → No shares will be offered for sale in order to allow additional time to gain experience with the Back 40 well.

Spring '24 → The next round of 4 shares may be considered by the Board for release for sale.

The Board will ultimately decide whether or not to release these shares based on the ~2 ½ years of experience we will have accumulated on the Back 40 well by 2024.

SHARE SALE TIERS – *Update to Operating Procedures*

The following priority tiers were developed by the Share Sale Ad-Hoc Committee and recommended to the Board. Existing Members will continue to have “Tier 1” eligibility for new shares pursuant to the longstanding rule in the current Bylaw Article V, Section 2 and Article VI, Section 2. The tiers for eligibility for any new water shares are described generally as follows:

Tier 1: Current WWA Members

- Tier 2:** Non-Members with existing residence and have public health problem with existing water supply
- Tier 3:** Non-Members with existing well / existing residence and want to convert to WWA connection
- Tier 4:** Non-Members with existing well / no residence and want to convert to WWA connection
- Tier 5:** Non-Members without residence or supply of potable water

Refer to Appendix B for additional details of the sales tiers.

SHARE SALE PROCESS – *New Procedure, please read!*

The share sales process as recommended by the Share Sale Ad-Hoc Committee and under consideration by the Board is available in Appendix B. Both the Board and the Share Sale Ad-Hoc Committee have put a significant amount of time and energy into developing these new procedures. The Board plans to hold an information session this Spring to allow members to ask questions relative to the new share sales process.

A few key points:

***If the WWA Board determines there is sufficient excess water production capacity to allow the sale of additional new water shares of a number (and ERU total) that does not create any foreseeable risk of compromising the mission, priorities and goals of the Westside Water Association, then the Board may, at its sole discretion, offer some or all of those new water shares to eligible, qualified prospective purchasers in the order of priority as defined in Section 5.3 of the Standard Operating Procedures, starting with “Tier I” applicants. Notwithstanding the above, the number of shares the Board releases for sale in a given 12-month share sales cycle shall not exceed the maximum number of shares allowed for release each year as defined by Article V Section 2 of the WWA Bylaws.

***Each applicant may only apply for one share during each 12-month share sales cycle. The candidate parcel number the share will be associated to must be designated on the application.

***Each Share Sales Tier will complete prior to remaining shares being offered to the next Tier.

***Within a given Tier, if there are fewer available new shares than applicants, then the WWA shall conduct a lottery to determine which applicants within the Tier will be offered a share for purchase.

***The entire sales process starts over when additional shares are released for sale (i.e., there is no priority waiting list carried over from year to year).

Refer to Appendix B for the full Share Sales process and diagrams.

MEMBER WORKING GROUP – *Summary and Insights*

Most of the work described above involved the Share Sale Ad-Hoc Committee made of up longtime WWA members and chaired by WWA Board member Adrian Witherspoon. However, four WWA members (Mary Bruno, Jim Diers, Kim Snyder and Jessica Vreeswijk) expressed concerns about some of these issues following the August Informational Session. These four formed a Member Working Group in an effort to confirm member attitudes regarding some of the proposed changes, including the longstanding rule of member priority for new water shares and the issue of water shares sales generally.

The Board and the Share Sale Ad-Hoc Committee welcomed their participation and met with them directly to discuss their concerns. The self-initiated Member Working Group performed two major tasks:

- Drafting a comprehensive list of questions posed to the Board that they felt represented the membership's largest concerns regarding the sale of additional shares; and
- Creating an online survey that asked the membership to weigh in on the sale of shares itself and the member priority topic.

The Working Group's questions and Board responses can be found in the "Member Working Group FAQ" document included in Appendix C and available on the WWA website. The Working Group and the Board hope that you find this FAQ useful.

The Working Group's online survey led to the following insights:

1. A significant portion of the survey respondents expressed concern about the quality and production capacity of the new Back 40 well due to the limited experience with it;
2. A majority of respondents (52%) felt that member priority in the purchase of new shares should remain. Since it would require two thirds of the membership to approve removing member priority from the Bylaws, it was determined that effort was unlikely to pass, and therefore the topic of removing member priority from the Bylaws will not be pursued at this time;
3. In general, the Working Group encouraged the Board to develop more effective ways to engage and communicate with members. Approximately 30% of the

respondents said they needed additional information before they could agree or disagree with the Board's decision to issue additional shares;

4. The Working Group applauded the slower rollout (i.e., limit) of shares detailed in the current proposed Bylaws changes. It is clear that this yearly limit was not understood by some members and led to confusion and misunderstanding that all 24 new shares might be released at once – which was absolutely never the case.

Please refer to the Appendix D to read the Member Working Group “Insights from New Shares Poll Results” document to see their conclusions and recommendations to the Board (also available on the WWA website).

Also available on the website is the full list of comments provided during the survey.