

October 2020

Dear WWA members,

In our last communication we indicated concern about a documented decline in the aquifer that supplies the Anderson Well field (2 wells) and that we were pursuing the acquisition of a new well (aka Back 40A well) to enhance our water supply. This summer we were able to meet all of the demand with our existing sources but not with a very large margin and we had an average not a hot summer. We are pleased to report that the Washington State Department of Health, NW Drinking Water Operations has reviewed the Source Approval document that we submitted and has approved the new well for our use. Approval of this source by the State was a prerequisite to executing the purchase agreement crafted between our Association and the owners. We expect to complete the transfer of ownership in the next week or two.

That leaves us with some additional topics:

- 1) Submission of a Small Water System Management Plan (SWSMP) to DOH as a required complement to the Source Approval document, and
- 2) Payment for the expenditures associated with the acquisition and development of the new source

### SWSMP

WWA last submitted a Comprehensive Plan in 1996 so updating that planning document with a SWSMP is long overdue and was also a major undertaking. The SWSMP is undergoing final review by your Board. It is our view that the acquisition of the new well puts WWA in the unusual (historically speaking) position to be able to add a modest number of new members. The SWSMP documents our rationale to increase the number of total shares in WWA to 245 which would mean an increase of a net 10 new shares. It is important to note that this request has not yet been approved by DOH, but we feel that the justification we provided is conservative and thus expect the request will be granted. The Board is working concurrently with the SWSMP submittal process to clarify the mechanics of the issuance of any new shares that result. An *ad hoc* committee consisting of 2 WWA Board and several Association members has reviewed the Association By-Laws and Board policies for congruence and will make recommendations for modifications to both the Board (regarding Board policies) and the Membership (for By-Law suggestions).

### Repayment of the cost to develop the Back 40 well

We estimate that the Back 40A well acquisition and development to connect to the existing infrastructure will cost about \$65,000. The Board feels that 1/3 of that amount should be the responsibility of existing members (based on the need to increase our capacity by about 10 gpm to serve current peak demand which is 1/3 of the 30 gpm capacity of the Back 40A well) and, in

particular, existing members whose summertime water usage represents excess demand. That will leave 2/3 of the cost to be paid back from the sales of new shares. Rather than create an assessment, the Board feels that the cost to existing members should come from an increase in the billing rate for water usage above the base rate. Assuming a three-year paydown schedule we will need to derive about \$7,500/year from this water usage rate surcharge. Typically, we derive about 30% (or \$38,000) of our annual revenue from water sales above the base rate. So, we are anticipating an increase of in the water billing rate of about 20% above the base rate for the next three years to cover the development of the new source. The Board is working on the details by water usage tier and will be publishing that information by the end of October with the new billing rates going into effect starting in November 2020. Any funds collected for share sales beyond the amount needed to pay for the Back 40A well will be added to the Capital Asset Replacement fund.

As always, the Board welcomes your questions and comments

The WWA Board