

September 13, 2018

Dear WWA members,

Over the past few weeks the Board has had discussions with a property owner and current WWA member who wishes to build on his property, needs water to do so, is committed to drilling a well on that property and is interested to work with WWA to develop that water source as a community well for our Association. The Board believes that this is a rare opportunity that we should act on. This letter will explain the details and our thinking on this matter. There is a lot of information presented in the paragraphs below and we welcome your comments and questions. Feel free to contact us via email at: contact@westsidewater.org or by phone, direct calls to: Pat Call at: 650 867 9083.

The well site would be approximately 300 feet from the Anderson Well field giving us some confidence that a good source of water in terms of both quantity and quality is likely. The property owner needs to move quickly since he intends to build this winter. This summer has been a dry one and relatively warm. These conditions sensitize the WWA board to be on the lookout for additional sources of water to ensure that we can continue to reliably serve our existing members with high quality water.

Now some details.

The Proposed Agreement

- 1) WWA would share the development cost of the well through the proof of water quality and a minimum quantity of 20 gpm. Based on Anderson 2 experience we would estimate this phase 1 at no more than \$10,000. We will borrow from our Operating Fund for this risk portion of the project. If a flow of 20 gpm or adequate water quality are not attained, then WWA would have the right to walk away from the project with no further costs.
- 2) Assuming the quality and quantity thresholds have been met, WWA would assume the entire development cost of the well project. In particular WWA would bring the well itself to a state that an application can be made to the Department of Health to add the well to our system. This phase 2 of the project is estimated to also cost up to \$10,000. Again, we plan to borrow from our Operating Fund for this expense if the project proceeds to phase 2.
- 3) Our current Operating Fund is at about \$50,000 and the overall finances of the Association are strong with separate accounts for Repair and Maintenance, Capital Improvement and an Emergency contingency. These accounts total over \$150,000. Even with a temporary usage of up to \$20,000 from the Operating Fund we will be able to keep a positive balance in this account through the leaner periods until next summer's high usage period again; more than sufficient to cover our financial needs.
- 4) The property owner would gain two things from this arrangement:
 - a. A WWA water share for the property upon DOH acceptance of the well.

- b. Preferential rights to two additional free WWA shares should they become available in the future. The first of these shares being available if the well achieves 20+ gpm and a second if 30+ gpm is achieved.
- c. All of these shares will be subject to applicable sections of the current WWA By-Laws.

Benefits to WWA

- 1) A minimum of 20 gpm additional capacity will:
 - a. increase our margin for not needing to blend the Canyon Well with its higher Arsenic concentration. In spite of record draught conditions this summer we have been able to maintain a 10% margin between supply and demand (see analysis below) without using the Canyon Well. We would like to see this margin increased.
 - b. reduce WWA dependence on the Canyon well points which have performed stably this summer, but which are viewed by DOH as being inferior to wells in terms of sources
- 2) Upon acceptance of the well in Phase 1 and based on the actual well performance WWA will complete a Small Water System Management Plan (SWSMP). This plan will include the means by which the completed project will be financed. We estimate the total cost of putting this new well on-line at \$40,000.
- 3) The location of this proposed well is close to existing water treatment infrastructure and thus significantly reduces WWA costs to bring this specific source online.

Members can expect a report on the results of the initial phase of this project before the end of the calendar year.

Analysis of Summer 2018 system performance

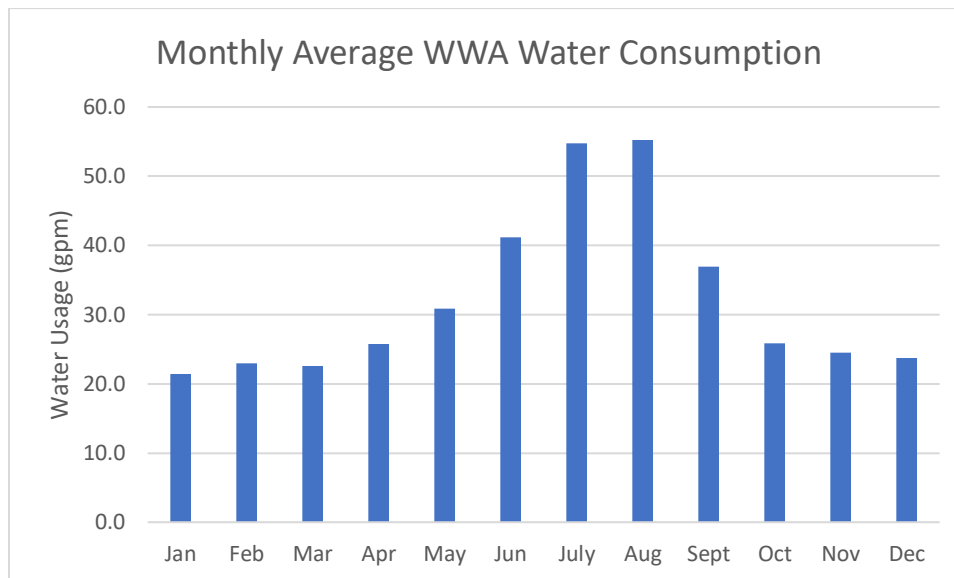
Many of you have noticed that we have had a few instances of “champagne” water this summer. This situation occurred because we are still learning about the behavior of our wells relative to our other source (Canyon Well Points). A couple of times the pumping rate of one station affected the rate of the other. We’ve now learned how to control this interference and we’ve also learned what the Anderson Wells can produce given the conditions of this past summer where the aquifer height has dropped about 10 feet over this summer—a 33% decrease. Over the past three years of operation of Anderson Well 2 we had not witnessed such a decrease previously and this phenomenon has further motivated the Board to look for additional water sources.

Our supply/demand picture is summarized in the table below where the values are average gallons per minute. The peak values are a three-day composite and the average values are for the entire period.

	May/June		July/Aug	
	Supply	Demand	Supply	Demand
Peak	89	59	80	73
Avg	73	40	67	57

By the end of August our peak production capacity was 80 gallons per minute. Our peak demand was at 73 gpm but that has only occurred once this summer.

From the following graph you can see that the July/August period is our period of primary stress.



This summer was a test of our system's capacity. We passed it and with some margin but not as much as we'd like. We hope that the addition of another source will improve all aspects of our system.