

**FRIENDS INITIAL COMMENTS ON SALLAL/CITY OF NORTH BEND  
PROPOSED WATER AGREEMENT**

**History and Context for Understanding the Contract (*initially posted to address 8/13/18 contract revision however also applies to 12/12/18 contract revision currently under review*)**

The City of North Bend and Sallal Water Association (a member owned coop) have for some time now been negotiating a contract for the City to sell water to Sallal from Centennial Well for member usage, and Sallal to sell water to the City for mitigation of the Centennial Well water withdrawals. The Centennial Well is required by its water right to have 100% of its withdrawals during low instream flow periods mitigated by replacement of the water into the river drawn from another source. The defined levels of instream flows were expected to occur an average of 128 days a year. Seattle's Hobo Springs well is the primary source of such mitigation water but Sallal was identified in the water right to be committed to providing up to 243.6 Acre Feet per Year (AFY) as a backup source due to Hobo Springs unreliability. Although the Centennial Well went into operation in 2009 the Sallal backup source was never implemented and no contract between City and Sallal ever implemented. That is a part of the reason for the current contract under negotiation between City and Sallal. The other part is that as of October, 2016 Sallal basically exhausted its annual water right of 696 AFY in allocating unconditional water certificates to developers almost entirely in the Urban Growth Area (UGA). Sallal then began issuing water certificates conditioned on water being made available to Sallal from the Centennial Well to serve additional new members.

Friends has been following these developments and has been obtaining draft copies of the City/Sallal contract through the Public Records Request process. We believe that this realignment of water resources in the North Bend area represents a serious level of uncertainty, risk, economic impact, and water shortage possibilities to the residents of the area. Our uncertainty concern has been validated by the fact that recently the City authorized a \$133,000 formal study (by Golder Associates) of water supply/demand in the area. This contract negotiation process should not even be underway until the results of the Golder study are made available and Sallal has committed to not sign any contract until the study is complete. The draft contract is particularly troublesome to Sallal members because in our opinion it represents the beginning of in effect a "merger" between the typically low density rural Sallal membership and a much higher density urban City customer base with higher rates and expectations of lower per capita water usage. In the interest of open government we are providing the complete, most recently made available draft contract for citizen review. We caution people to understand the contract is a work in progress and will be subject to further change. Our goal is to be a party to influencing that change in the best interests of the community, Sallal members and The Snoqualmie River.

***Friends has a number of concerns about the ongoing contract iteration process. The first six points were raised with regard to the 8/13/18 contract revision. These will be followed by concerns related to the 12/12/18 revision.***

1. From an overall contract intent standpoint the premise of having Sallal committed to sell mitigation water to the City to allow operation of Centennial well and simultaneously buy water from the Centennial well to serve members presents an obvious potential conflict.
2. The size of the currently identified Sallal mitigation commitment (section 3.5) represents 35% of Sallal's annual capacity and over half of Sallal's instantaneous capacity (a serious summer month concern). We believe it is not feasible.
3. The contract language in Section 4.3 protects North Bend customers by stipulating they will have first priority for any water supplied by Centennial well. Sallal will be second priority. There is not comparable

provision to protect Sallal members when it comes to the commitment of Sallal to mitigate for Centennial by selling water to City.

4. Section 1.8 indicates that the plan is to have North Bend ultimately annex all of the Sallal Coverage area within the Urban Growth Area which extends east from City core to Truck Stop. This represents a huge uncertainty both to impact on current Sallal members in that zone as well as impact on much of Sallal's water distribution infrastructure.

5. In the big picture, many questions are still to be answered. One key question, is Sallal Water Association, a privately held corporation, legally obligated to enter into a water exchange the City of North Bend?

6. Another key question: are using the Sallal wells for replacing water in the Snoqualmie River for Centennial well water use truly "mitigation" – as both the Sallal wells and the Centennial well are hydraulically connected to the river? Might only the real source for mitigation be from another watershed, e.g. Cedar River or Tolt River?

***Comments relating to 12/12/18 contract revision or further elaboration on 8/13/18 revision:***

2. The commitment of 35% of Sallal's water right remains the same but to put it in perspective some more background is required. The commitment/number originated back in 2006/2007 as part of the City's Centennial Well water right. Sallal's annual water right is 696 Acre Feet per Year (AFY) and reducing that by 35% (244 AFY) would leave only 452 AFY for member service. In 2006/2007 Sallal actually used over 550 AFY to serve its members so from the very start the commitment was obviously unacceptable.

7. Section 1.5 confirms that City has purchased Cascade Golf Course with the intent of using its water right of 33 AFY for Centennial mitigation. This amounts to only 13% of the 244 AFY that the City is expecting from Sallal so would be very little relief. Furthermore there are monthly restrictions that prevent exploiting the Cascade water right in the summer high demand months.

8. Section 1.8 discusses Growth Management Act (GMA) mandate to provide water within the Urban Growth Area (UGA). But it is important to note the GMA targeted 665 new homes in UGA by 2031. The City already has 1348 new homes in the pipeline, more than double the expected amount for 2031.

9. Section 2.4 mandates that Sallal share all member usage information on a parcel by parcel basis with the City. This goes against current Sallal policy and a number of members have expressed concern from a privacy standpoint.

10. In Section 5.2 rates for water transfer between Sallal and City are discussed and the rates are tied to the rate Seattle Public Utilities (SPU) charges the City for mitigation water from Hobo Springs. This introduces a high degree of uncertainty on existing retail rates for both City and Sallal. Section 5.2 is also problematic in that it refers to rates back in 2016 as the baseline year for rate determination with growth in each subsequent year directed thereafter. More uncertainty for City and particularly Sallal members since the cheapest source of water in the Valley is the untreated water from Sallal wellfield. And the comingling of this source with the others will almost certainly increase rates.

11. Section 6.2 further defines how a "dual service area" in the UGA will exist where the decision of who serves (Sallal or City) will be determined on a case by case basis, potentially on the basis of someone wanting

chlorinated water for example. This section goes on to state “the City shall have authorization to serve any applicants within the Sallal Served UGA without the necessity for an applicant to initiate an RCW Ch 70.116 timely and reasonable appeal proceeding”. The above appears to open the door to widespread encroachment in Sallal’s coverage area by the City and is also likely going to add complexity and cost to the overall water distribution in the North Bend area.

12. Section 6.3 mandates that Sallal implement all water conservation measures dictated by the North Bend City Council. This means that conservation measures adopted for a far more densely zoned City population will be imposed on the far more rural oriented Sallal member base.

13. Section 6.4 mandates that a North Bend City Council member will be allowed to fully participate in each Sallal Board meeting. Sallal members should be concern about losing the Association’s autonomy.

14. Section 6.5 states that “Once the City expands its service to include all or any portion of its Sallal served UGA, the City will assume maintenance and operation of such water system improvements affected by the area the City has assumed and which City customers use for the delivery of water.” It appears North Bend plans to eventually take over “all or any portion” of Sallal’s territory inside the City and UGA.

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*A note from the FRIENDS President, Jean Buckner:*

*Please understand that this review was completed by FRIENDS volunteers and is not a legal review. We hope to provide a legal review of the next iteration of the contract and will be requesting donations to fund that review. I share the numerous concerns outlined in this review, especially the potential negative impact on the Snoqualmie River. These and other concerns will be more fully addressed in future posts.*