

Ballot Proposals and Statements in Favor of or in Opposition the Proposals

Statement of Qualifications for Nominees for the Board of Trustees, Architectural Review Committee, and Advisory Committee

The following provides the ballot proposals and statements provided by members in favor or against the proposals. Statements have been provided in full and are numbered in cases where multiple submissions were provided. Members should be aware that statements may contain incorrect information, and represent the opinion of the member submitting the statement, not necessarily that of the Board of Trustees of Wilderness Rim Association.

The following also provides the names of those interested in being on the Board of Trustees, Architectural Review Committee, and/or Advisory Committee. Also provided are Statement of Qualifications submitted by nominees.

PROPOSED BALLOT APPROVALS

1. Approve the September 2016 Annual Meeting Minutes and July 2016 Special Meeting Minutes

Reason for ballot item: To approve the September 2016 Annual Meeting Minutes and July Special Meeting Minutes (attached)

Statements in Favor of the Proposal

None provided.

Statements in Opposition to the Proposal

None provided.

2. Approve the 2017-2018 Budget

Reason for ballot item: To approve the 2017-2018 Budget (attached)

Statements in Favor of the Proposal

1. The proposed 2017-2108 budget assumes that the Homeowner Association (HOA) assessment is increased from \$80 to \$100 annually (see below for the ballot item to increase the HOA assessment). If the budget or the HOA assessment increases are not approved, the Association will have to revise the budget to allow the Association to operate with current funding, but provide a lower level of service than currently provided.

Statements in Opposition to the Proposal

1. Object to the way this budget was presented. Three years ago, Annual meeting packets included a draft budget which showed the proposed budget changes compared to the prior year. Further you should have mailed homeowners the printed packets BEFORE the August 11 deadline for comment. Given past indiscretions dealing with how Association funds have been handled, transparency is critical to re-establishing trust with Association members.

Water Sales (income) is budgeted at \$289,100 (including fees and late charges). Total Water Committee expense (including Cost of Water) is budgeted at \$255,849. This represents a proposed \$33,260 water income over expense. Does this budget propose to make a profit on water sold to your members or is the plan to divert this \$33,260 excess income toward another use? Please provide more details.

Water Admin/Billing contractor expense is budgeted at \$27,560 (last year this line item was identified as Water Payroll at \$36,000). There is also an additional expense line item designated as Staffing at \$17,000 (up from \$9,700 last year's budget).

Please explain what the difference is in Admin/Billing Contractor expense and Staffing expense.

Since Sallal is now handling billing, how is this reduced admin cost reflected in the current proposed budget?

Why is there a new Bookkeeper line item for \$7500? Is the amount of money we are paying Sallal for billing? Please provide details for this new expense and how it relates to Admin/Billing Contractor expense (\$27,560) and Staffing expense (\$17,000).

Reserve Study proposed at \$3,050. Last year members received an in-depth Executive Summary which documented in detail the status of our Reserve Fund and the useful life of components related to Reserve funding. This was included in last year's budget at \$2,500. Do we pay for a new Reserve Study every year?

Parks Expense. Repairs to Buildings and Land budgeted at \$6,000 (last year \$1,820). Equipment Repair budgeted at \$2,500 (last year at \$1000). Specifically define proposed expenditure to the repair of buildings, land and equipment.

2. The WRA proposed 2017-18 Budget does not follow WRA accounting guidelines. It should not be approved.

Water fund "profits" are proposed to be used to offset the "deficit" on the Assessment side. This is in violation of the WRA Bylaws. Water Revenue may only be used for Water Expenses per Bylaw 6.8.

The Board needs to apply Assessment Late Charges revenue to the Assessment side. This is not being done in this proposed Budget. In prior years, correct application of these revenues helped prevent dues increases.

For most years the Assessment side has come in under budget through careful management. Last year a \$41,000 metal roof was purchased for the Chalet without any special assessment. This is the result of the good fiscal management by a previous Board with more experienced trustees. This new proposed Budget includes a \$20 per lot increase with virtually no change in expenses.

If this budget is not passed, the previous membership approved budget will remain in effect.

3. Approve a \$36 per lot Special Assessment for Security Patrol

Reason for ballot item: To approve a \$36 per lot Special Assessment of Security Patrol. This would reduce the amount per lot from \$48 to \$36 annually.

Statements in Favor of the Proposal

1. To help offset the proposed increase in HOA dues, the Board recommends the renewal of the Security Patrol assessment, but at reduced rate of \$36 per year, or \$6 per billing period, down from the current assessment of \$48 per year. The Board is using excess Security Patrol funds from 2016-2017 to make up the difference. This will allow the Association to maintain the current level of security in the Rim.

Statements in Opposition to the Proposal

1. Object to decreasing security patrol assessment. Security issues have not improved in the area. This neighborhood is very isolated compared to living within city limits. Recent posts on neighborhood information sites report theft from a yard when the homeowner as present. \$48/year is a very insignificant amount of money to invest in our protection – if anything this assessment should be increased rather than decreased given King County budget restraints. At least for this assessment we are getting something tangible for our money.

4. Approve an increase in Homeowner Association dues per lot to \$100 Annually

Reason for ballot item: To approve an increase in the annual Homeowner Association (HOA) dues from \$80 to \$100 to meet expenses identified in the 2017-2018 budget.

Statements in Favor of the Proposal

1. The Board recommends that the HOA assessment be increased from \$80 to \$100 this year, or \$16.67 per two-month billing period. The dues pay for most aspects of running the Association's business. This increase will allow the Association to continue to make repairs and improvements to Cascade Park, the greenbelt, and the chalet, as well as to support office and park staff and other Association operations. Homeowner dues are extremely low in Wilderness Rim compared to other HOAs. If approved, this would result in an increase from \$15 per lot 50 years ago to \$100 today, or about 566%. During the same period, the rate of inflation increased 632%. If the measure is not approved, the HOA assessment would remain at \$80 annually.
2. I strongly encourage the membership to vote in favor of passing the increase in the HOA dues from \$80 to \$100. The additional funds are necessary to ensure the continued professional and business-like operation of our Board, our office, and our park. Additionally, the dues have not been adjusted in over a decade to keep pace with inflation nor the increasing costs of maintaining of our aging assets.

Statements in Opposition to the Proposal

1. Object to this 25% increase. Please provide members with specific justification for this increase. Your statement: "Expenses identified in the proposed budget" is not an adequate justification for a 25% increase in Association dues.
2. A \$20 Assessment increase cannot be justified. This is a 25% increase in your dues totaling \$13,360 every year from the members with no justifiable reason.

WRA typically comes in under budget on the Assessment side. Over the last three years, a previous Board set aside enough to purchase a \$41,000 metal roof for the Chalet without a Special Assessment. Since then the Board has lost the association an awarded \$1500 King County grant by not completing the Playground Safety Project on time.

Losing \$1500 in free money and then raising homeowner dues is questionable at best.

The only reason the Board has given for the increase is "to meet expenses". WRA has been meeting comparable expenses for years without this increase. Billing changes are the cause of this proposed shortage in Assessment revenue on this ill-advised proposed Budget. Revising the Budget and billing method will eliminate the need for this dues increase.

It is not whether you or your neighbor can afford an increase, it is whether the Board is using our dues wisely.

5. Approve the expenditure of approximately \$15,000 to assess the feasibility of transferring the Wilderness Rim Association water system to Sallal Water Association

Reason for ballot item: To allow the Board of Trustees to spend up to \$15,000 to assess the feasibility of transferring the Wilderness Rim Association (WRA) water system to Sallal Water Association (Sallal), North Bend, Washington. Sallal supplies potable water to about 1,500 connections serving approximately 5,000 people throughout the service area, including the WRA. Sallal is a non-profit, consumer-owned corporation. In addition to providing water to WRA, Sallal also is responsible for WRA billing.

The feasibility study would include an evaluation of the ability of the Board of Trustees and WRA water system operator to manage the system now and in the future. The study would include an assessment of the WRA water system, including a determination of operating and capital costs, value of the current system, costs for upgrading/replacing the system, and costs to meet regulatory requirements. The Board would consult with an attorney to develop legal agreements and a fair value assessment for the transfer of the system. The Board would also determine the water rate structure and quality of service that would be provided by Sallal to WRA members, and if one or more WRA members would be on the Sallal Board of Trustees. It is possible that the costs of studies and agreements could be reduced by grants provided by the Washington Department of Health.

The Washington Department of Health encourages small water systems, such as the WRA system, to merge with larger systems where it makes sense. Consolidation would reduce administrative costs and take the pressure off the Board to manage the WRA system. It would also reduce or eliminate our liability for system failure. However, WRA would lose control over our water system and may have limited say in the quality of service and maintenance of the system in the future.

If the membership approves studies and agreements to assess the feasibility of transferring the water system, and it is determined by the Board of Trustees that transfer of the water system to Sallal is in the best interest of WRA, a ballot proposal to approve the transfer of the WRA water system to Sallal would likely be put before the membership at the 2018 Annual Meeting.

Statements in Favor of the Proposal

1. Authorizing the \$15,000 expenditure to study the feasibility of water systems consolidation is entirely separate from the actual decision to complete a consolidation. Approval of this line item will allow us to spend the time and money necessary to fully understand the pros and cons, as well as the financial implications associated with making the consolidation happen. Again, approving this item is not agreeing to perform the consolidation, only to gather the necessary information to make a well informed decision in the future.

Statements in Opposition to the Proposal

1. Although in theory I support this initiative, the description for the feasibility study as presented for a vote is inadequate and should be VOTED DOWN until more discussion is held regarding the parameters of the study. What I have learned leads me to believe that the scope of the proposed study is too limited and does not serve our best long-term interest. The membership deserves a more complete assessment of our water options and we deserve to know the full story behind the relationship with Sallal Water.

My position is based upon the following information which came to light during my research this afternoon:

- Sallal Water is currently overcharging Wilderness Rim (and the members of the HOA) by assessing retail rates which are far more costly than wholesale rates Wilderness Rim Association should be paying.
- WRA should obtain independent confirmation regarding comparable rates Sallal Water charges other retail and wholesale customers and make this information available to HOA members as part of the feasibility study. Is this information public and legally available?
- Years ago, Wilderness Rim Association made a significant capital contribution to Sallal Water that enabled Sallal Water to initially tap into the water supplied by Seattle Public Utilities/Chester Morris reservoir. Without the capital contribution from WRA, Sallal Water would not have been established as a water supply source.
- The current source for Sallal Water is 2 deep wells which are fed by seepage from the Chester Morris Reservoir, managed by Seattle Public Utilities. The 2 deep wells are located adjacent to Wilderness Rim within the restricted area governed by Seattle Public Utilities.
- The original infrastructure financed by WRA which linked Sallal Water to the Chester Morris/Seattle Public Utility water supply is still in place and located between Wilderness Rim and Rattlesnake Lake.
- The location for the source of Sallal Water supports the argument that the cost for water supplied to WRA should be much less expensive than we are currently being assessed. WRA paid for a significant portion of the Sallal infrastructure; Sallal has virtually no transportation costs for delivering water to WRA – it's gravity fed. Why are we paying at an increased retail rate?
- WRA members have known (and discussed openly) for some 8-9 years that Sallal Water is over-charging us. During this time, Sallal has increased our rate structure from wholesale to more expensive retail rates. It has even been discussed among members that Sallal Water no longer openly acknowledges the initial capital contribution made by WRA homeowners. Sallal Water has not treated Wilderness Rim Association members fairly and this should be considered before asking homeowners to make a decision to deepen this relationship. I venture to guess that most homeowners have not been HOA members long enough to know the full story without taking significant time and effort to investigate as I did. It is easy to remedy this lack of background information; the issue is about what benefits WRA homeowners and nothing else.

- Although connecting to the Seattle Public Utility main line would certainly involve start-up costs, some of this infrastructure was already established when Wilderness Rim provided the capital contribution to Sallal Water in the first place. Seattle Public Utilities should be investigated as a water supply source for Wilderness Rim. Who would you rely upon to provide water in the case of an emergency – the robust resources available from Seattle Public Utilities or Sallal Water with 1,500 connections? If it is determined that we are being knowingly being overcharged by Sallal year after year after year, at what point would start-up costs associated with Seattle Public Utilities be a better long-term business decision. (Never mind the issue of “biting the hand that feeds you”.)
 - From what I have learned, Sallal Water has not been fair in recent dealings with WRA. All information regarding Sallal Water rates should be verified independently and the facts associated with the full story of this relationship should be made available to our membership prior to moving forward with any decision regarding our water source. The importance cannot be overstated.
 - The feasibility study parameters should be clearly defined to include an assessment of all water supply options BEFORE you ask us vote on spending \$15,000. The feasibility study should be conducted by an independent organization. This is critical information that informs an intelligent vote by members to determine who should provide our water supply. Additionally, the online description justifying the \$15,000 expense seems to include an assessment of data already compiled in last year’s Executive Summary. Please make certain that we are not paying for work already completed. I recommend that the vote to approve a feasibility study be delayed pending a complete and revised description for this proposed expense.
2. The Board is proposing a \$15,000 expenditure to study consolidating the WRA Water System with Sallal Water Association. Sallal will also require a substantial cash payment if consolidation happens. Paying to give away our multi-million dollar water system is a very bad idea for WRA Homeowners.

WRA has successfully managed the WRA Water System for fifty years. WRA members need to continue this long tradition of effective and successful community involvement and service for our mutual benefit.

The current Board has again turned over our financial administration to Sallal. WRA buys our water from Sallal and they clearly have a conflict of interest in regard to what is best for WRA versus what is best for Sallal. Currently a Sallal employee attends every meeting about the WRA Water System and influences our management direction. Members are concerned that this employee is the driving force behind the consolidation proposal. This is another clear conflict of interest.

The only time the Water System Cash Reserve for emergencies and capital improvements was not increased annually was when Sallal was handling our billings and collections.

Members are also concerned that Sallal insists that payments be taken to the Sallal office and not the WRA Office. This in more than an inconvenience, it is a disservice to our members. Payments made in our office need to be applied promptly and efficiently to the member’s account to avoid late charges, not delayed for days for Sallal to apply.

Sallal's system continues to grow outside of the Wilderness Rim area. Each time Sallal has had a growth period their prices to us jumps up. We will be forever tied to their control of our rates if this consolidation goes forward. Sallal ownership of our water system will remove us from the management equation, a fact that doesn't seem to concern some Board members. The relatively low water bills WRA members receive are a direct result of our effective self-management.

This proposal is a losing situation for Wilderness Rim Homeowners and is strongly opposed by some trustees on this Board.

WRA Homeowners deserve better than this. Please vote against the proposed expenditure of \$15,000.

NOMINEE STATEMENT OF QUALIFICATION

Nominees for Board of Trustees

Ryan Fiedler

I joined the board in late 2016 when a number of Board positions suddenly became available. Since then, I have served in the capacity of Trustee and as Treasurer, and I am interested in remaining on the BOT. I believe my professional background as a mechanical engineer and small business owner, as well as holding a Master's Degree in Business, are an asset to the board. I look forward to serving our great community along-side the other wonderful BOT volunteers.

Mike Kenyon

Hello I'm Mike Kenyon. I have been a resident of the Rim since 1989. I volunteered to serve as a Trustee in November 2016. And currently serve as the Water Utilities Chair. I would like to have your vote for Trustee. Thank you.

Nominees for Architectural Review Committee

No Statement of Qualifications submitted

Nominees for Advisory Committee

No Statement of Qualifications submitted