

PSA Water System: Supply Source and Distribution System: Legal Aspects and Requirements, November 6, 2010, by PSA Water committee co-chair, Larry Pazaski

Paradise Service Associates, Inc. (PSA) is a HOA privately owned, Class A Water System, regulated by Washington Administrative Code 246-290-105, and operates under the Small Water System Management Program (SWSMP) Identified as (WSDOH ID #66125T). This 140-page document (SWSMP) water system plan meets the Washington State Department of Health (WSDOH) requirements and the capacity requirements for water systems mandated in the Federal Safe Drinking Water Act.

The **Washington State Department of Ecology (DOE) controls and regulates the public waters of the State. The State DOE has issued Permit # G2-26830 to PSA to allow PSA to "appropriate "public ground water for "multiple domestic supply (240 connections)". The limits on this water system are as follows: 230 gallons per minute, 120 acre-feet per year. PSA does not own the supply of water that Members are utilizing. The water supply is regulated by WA State DOE. PSA must follow the State DOE rules, limitations, requirements, permits, and comply with DOH rules and regulations in order to access public water to serve the PSA membership water requirements. The operation and management of our water system is governed by the SWSMP documents (WSDOH ID #66125T) and filed with the Washington State Dept. of Health and DOE permit (#G2-26830). The PSA Board of Directors are governed by and must comply with the above filed documents and permits in order to fulfill PSA's legal duty to provide water to all property owners of PSA lots, (PSA Articles of Incorporation, Article V). After updating the physical portions of our water system in 2009, water conservation is a major goal within the PSA SWSMP to keep within the DOE mandated water limits. Water meters and metered water rates result in water conservation. The WA State DOE Water Permit states that PSA needs to stay within its water rights limitation (240 gallons per minute and 120 Acre feet Per Year). PSA needs to conserve water so it will be able to serve all of the connections within the 228 platted residential lots and PSA Park. If the system uses more than the 120 Acre feet Per Year allotted to it, Letters of Water Availability can no longer be issued and this could result in litigation by a land owner who would not be able to build, and/or potential fines from the WA Dept of Ecology. With the completion in 2007 of a new South Well, and a new water distribution system in 2009, (funded by 2 assessments to PSA lot owners), total water use consumption is 1/2 of the old, non-metered distribution system. PSA is now meeting the Conservation measures required by the SWSMP documents. Since NW Water Systems is managing the data, PSA now has access to such pertinent data and can display conservation results. **According to the SWSMP, (Element #17- Budget) requires water systems to develop a 6 year operating budget. All systems must demonstrate that they are, and will continue to be financially viable (RCW 70.119A.100)** "Financial viability is defined as the ability to obtain sufficient funds to develop, construct, operate, maintain and manage a (public) water system, on a continuing basis, in full compliance with federal, state, and local requirements. A water system should make sure that the revenue it generates meets or exceeds the expense it incurs..." refer to SWSMP document, Element #17 requirements, is to develop**

Reserves for Capital Replacements, Capital Improvements, and Operating Reserves. PSA is allowed to develop Reserve Funds for the Water System. PSA Articles of Incorporation, Article V, Section #14 states that the PSA "Corporation can accumulate a surplus fund through membership fees, and dues, and from the charges made its members for services rendered or supplies furnished them by it..." Annually, Northwest Water Systems (NWS) will assist to develop the water system budget and Reserves based upon PSA's past expenses and estimated future needs. This is necessary to meet SWSMP provisions.

Furthermore, according to PSA Articles of Incorporation, Article VI, #4, the PSA "Corporation can levy assessments against its members for the cost of improvements it deems necessary and proper for maintenance of the properties and services of the corporation". Also, in the Bylaws of Paradise Service Associates, Article VIII, Assessments, "The Board of Directors may in its discretion impose direct fees for such goods and services",

Tiered Water Meter Rates versus a Flat Rate: Why bill for Usage?

Rational: Conservation: Financial incentive to moderate consumption of water (or pay massive bills for wasting water), promote fixing of leaks. Meets Conservation issue to fulfill requirements of Water Use Efficiency (Section 246-290-800)

Paying for Use: When water is consumed, wear and tear on pumps occurs and electricity is used. The usage of water costs the system money. Accordingly, with the new rate structure, the people using more than an allotted base of water are paying for the above average use with the new water rate. The volume of water included in the base fee was determined by average consumption of water users in similar systems. PSA needs to have rates that pay operations and maintenance costs, and should have rates that address the fact that all components of the system will eventually wear out.

Results: After installing the new water system, the water bills have gone from being inadequately low, to being comparable to the other water systems of this size and type.

PSA Property owners/Members, who were previously billed on a yearly flat rate, are now being billed for usage, beyond a base rate allowance. This means that people who were high users of water were being subsidized by the low water users. Under the current fee structure conservative water users are not subsidizing wasteful users. **PSA Lot owners, who previously had no financial penalty for using massive amounts of water, now have to pay for their above average water usage.** PSA Members who owned two lots and were being billed for only one connection previously, are being billed for both lots per PSA's original Plat agreement and Articles of Incorporation.

Larry Pazaski, PSA Water committee co-chair, provided this report to Paradise Service Associates, Inc. (PSA) Board of Directors, (BOD) President, Merrisue Steinman, November 6, 2010