



WASHINGTON WATER SERVICE

14519 Peacock Hill Avenue • P.O. Box 336
Gig Harbor, WA 98335 Tel: (877) 408-4060

Via Certified Mail

November 30, 2017

Walter Thomason
President
Sunwood Lakes HOA
7939 Vireo Ct SE
Olympia, WA 98515

Re: Sunwood Lakes Water System, ID#863043, Thurston County
Confidential Letter of Intent

Dear Mr. Thomason:

I am writing you regarding Washington Water Service's (Washington Water) decision to begin reevaluating our business model, including our operations, maintenance, and limited services contracts.

As you probably know, water service providers across the country, small and large are facing increasing costs, regulations, responsibilities, and the inherent potential risks that come with them. This is true for Washington Water as owners and operators of a number of water and wastewater systems in the State, and in some respects even more so when we provide contract services to others.

We have decided to focus our attention almost exclusively on the systems we own and the numerous requirements we need to meet that come with operating, maintaining, and improving them.

What this means to your organization is that we are providing you with official notice of our intent to terminate our water services agreement effective February 28, 2018. We fully appreciate your need to acquire another service provider and will assist you as much as possible in doing so. A list of Department of Health (DOH) approved Satellite Management Agencies (SMAs) can found on the DOH's website at the following URL <http://www.doh.wa.gov/CommunityandEnvironment/DrinkingWater/WaterSystemAssistance/SatelliteManagementAgencies>. Once you do find a new service provider, please be sure to have them contact us directly so we may provide them with the information they will need for filing water system reports for you in 2018.

With that being said, should you wish to consider a sale of your water system to Washington Water we would certainly be open to that discussion. As a Washington Water customer, your residents would receive the same full scope of professional water services we provide to over 17,000 homes, businesses, and institutions. These services include meter reading, billing, customer service, operations, and maintenance.

Quality. Service. Value.

wawater.com



As an owned utility system regulated by the Washington Utilities & Transportation Commission, Washington Water would plan for and make needed capital improvements, such as replacing or upgrading reservoirs, pumps, buildings, water mains, and wells. Having a capital improvement program in place enables a water utility to make long-term plans for infrastructure replacements in a cost effective way.

Unfortunately, not all water systems take this approach, and their capital improvements many times end up being done more on an emergency type basis. This can negatively impact service, water quality, and significantly increase costs, especially if major improvements are delayed and then have to be done in a short period of time as a system ages.

Washington Water has engineering and construction divisions capable of planning, designing, engineering, and in many cases carrying out many of these capital improvements projects in-house, from start to finish. This provides a unique and significant benefit to our customers as it limits the need and costs associated with utilizing outside contractors, engineers, and other service providers. In addition, Washington Water is able to use the size and scale of our organization to cost effectively finance capital improvements.

All of us at Washington Water Service have enjoyed serving you and hope you understand our position in this matter. Should you have any questions, please do not hesitate to call me at 253-851-4060.

Sincerely,



Scott Bailey
General Manager

cc: Water System Folder
WWSC Accounts Receivable
Paul Robischon, SW Operations Manager
Sue Hull, Customer Service Manager
Department of Health, Compliance Program (DW.SMA@doh.wa.gov)
Bonnie Waybright P.E., Department of Health-Southwest, Regional Manager (Bonnie.Waybright@DOH.WA.GOV)
Mark Mazeski, Department of Health-Southwest Region, Planner (Mark.Mazeski@doh.wa.gov)
Linda Kildahl, Department of Health-Southwest Region, Compliance Program Manager (linda.kildahl@doh.wa.gov)

W:\Systems\Sunwood Lakes HOA ID863043 Thurston\Correspondence\Sunwood Lakes HOA, ID#863043 ThurstonCounty_SMA Terminate-Acquire Notice_20171128.docx

