

**Sallal Water Association
Board of Trustees
Minutes of Tuesday, January 19, 2021 Meeting**

The regularly scheduled meeting of the Board of Trustees of the Sallal Water Association was called to order on Tuesday, January 19, 2021 at 6:02 pm by Ms. Baker. This meeting was held online using Zoom due to the COVID-19 outbreak.

Board members present: Daylin Baker, Eric O'Brien, Ann Reed, Joyce Hibma, Larry Costello, Shawn McKone, and Rich Formisano

Consultants present: Richard Jonson, Attorney; Warren Perkins, Engineer; Ryan Hale, Engineer

Employees present: Nikka Rose, Manager; Denny Scott, Water Superintendent; Tree Bergman, Water Operator

Guests present: No guests

CONSENT AGENDA:

MOTION NO 2021-01: Approval of the December minutes as amended and payments as follows: Jonson & Jonson -- \$8,510.00; Gray & Osborne – \$26,842.97 and \$22,755.19 were made in a motion by Mr. McKone, seconded by Mr. Costello. Motion carried.

REPORTS:

Member Advisory Committee Report

Mr. Formisano reported on the January MAC meeting. Minutes are in Dropbox. He introduced Nikka Rose. Discussion followed about asset management software, member survey and emergency response plan. Discussion followed to search for consultants to draft an emergency response and risk and resiliency plan. Mr. Perkins and Mr. Scott will make inquiries and present proposal for the next board meeting.

MOTION NO 2021-02: Motion to approve the January 2021 MAC minutes was made by Mr. Costello, and seconded by Ms. Reed. Motion carried.

Conservation Committee Report

Mr. McKone reported that the committee will regroup in the near future. He noted that a new DOH annual conservation form is required in 2021 to include a water shortage response plan and information concerning water levels and total volume. DOH would appreciate 2020 information in this year's annual report. Mr. Scott will be attending a class in February about the new form.

Treasurer's Report

Ms. Hibma stated that monthly financial reports are in Dropbox in the Financials Folder. Mr. Costello asked to see reports related to managing the Capital budget and the Amortization budget. Ms. Hibma and Ms. Baker are working on this. Mr. Formisano asked to see monthly expenditures compared to budgeted amounts. Delinquent accounts receivable and last year's leak relief adjustments were reviewed. Ms. Hibma stated that any single amount over \$5,000 will be brought to the Board's attention and recommended use of a contra account to track possible non-payment of accounts. The contra account has been included in the 2021 budget. Mr. Scott stated that a manufactured home on the Faucett property has been removed and the meter has been pulled. Mr. Jonson stated that the owner needs to be notified and given a hearing opportunity if the membership is to be revoked. Ms. Baker stated that the new auditor has been engaged for the 2020 audit and the prior auditor conceded to cutting short its prior engagement. Mr. Costello raised a question about Sallal's real property ownership and how that is represented in the Balance Statement (account 15040 Land). The property ownership is being evaluated by Ms. Rose and Mr. Scott and will be clarified in a future report. Adjustment to the tax assessor's valuation for the Edgewick property may be needed to account for removal of the mobile home last year.

Engineer Report

Mr. Perkins reported on the status of work on Well No. 4 and the new reservoir. He stated the 24 in water main has been installed. He noted that Well 1 is not in use at this time due to the presence of a large boulder that interferes with a new main. Options of installing a 90 degree turn to go around the boulder or removing it were discussed. Mr. Perkins

recommended removal, which would require a change order in the likely range of \$10K to \$15K. He also stated that PCI's third progress payment has been reviewed and he recommended payment less retainage. A previous change, which has now been completed, for installation of a valve outside of the pump house was discussed by Mr. Bergman and payment to the contractor was recommended. Mr. Costello raised questions about the PCI pay application including payment for Material on Hand (MOH). The proper documentation in accordance with the contract has not been provided to substantiate payment of MOH. Mr. Perkins advised this was for the chlorination equipment which has been stored off-site at the contractor's facility. Backup documentation will be provided by G&O.

MOTION NO 2021-03: Motion to authorize the engineer and management to negotiate a change order for rock removal not to exceed \$18,000 was made by Mr. O'Brien, and seconded by Mr. Costello. Motion carried.

MOTION NO 2021-04: Payment of PCI #3 billing for \$98,288.32 less retainage of \$4236.35 was made by Mr. O'Brien and seconded by Mr. McKone. Motion carried.

MOTION NO 2021-05: Motion to approve change order #01 for \$2,526.00 for a valve and installation by Mr. O'Brien and seconded by Mr. Costello. Motion carried.

Mr. Costello stated that PCI still has not produced a construction schedule which is more than two months past due. He noted that start up, testing, and commissioning will take 15 to 30 days which needs to be included in the construction schedule. Mr. Perkins stated that he will send notice to PCI requiring a project schedule through project completion as required by the contract. Mr. Perkins stated that the contractor is preparing a testing and commissioning plan to be presented at the next team meeting in two weeks. Mr. Costello reminded the Board that SCADA testing will need to be coordinated with PCI testing and commissioning. He also noted the change documentation for the motor space heater and intrusion alert, and the prevailing wage change have not been addressed. G&O will prepare the change order documentation for the prevailing wage as a no-cost change.

Attorney Report

Moved to executive session.

Manager/Superintendent Report

Ms. Rose referred to her report in Dropbox. She reported that the meter reading software is still not working correctly and implementation of new billing software is being monitored to determine if Lisa will need overtime during transition. She stated that the bookkeeper, Hannah, left because the work was consuming too much of her time. A replacement part time bookkeeper has been obtained.

Mr. Scott reported on the ATS and distribution transformer failure at Rattlesnake presumed to be caused by a PSE power surge. A formal report from D Square, which was called out to assist with repair and troubleshooting, will be provided regarding their findings. Surge protection was discussed but that will require an engineered solution. He stated that the generator then failed and a new generator was rented, but the head gasket blew on the rented generator. Members were asked to conserve water but service was never discontinued. PSE power resumed but electrical work is needed along with a new generator or repairs to the existing one. Since the existing generator damage was deemed a total loss, the board agreed that a new generator was the appropriate way to go. Mr. Scott recommended renting a stand-by generator until a new generator can be installed. A new generator will run about \$75K to 100K with additional cost beyond that likely to address fuel management, mounting, interface with SCADA. A portable generator rental will run about \$4,500/month. The Board concurred in renting a generator until such time that a new generator is purchased and installed. Mr. Scott will have the rental underway by January 20th. G&O was tasked with expediting a proposal for a conceptual design for the new generator, to be followed by a proposal for the detailed design once Sallal agrees to all of the features of the new generator system. It was agreed that the capacity of the new generator should be the same as the existing, that it be diesel, and that the equipment be new (not used). It was also agreed that since the original generator had very little salvage value, if any, that an insurance claim would not be financially viable.

UNFINISHED BUSINESS:

Vote to Approve CWAs - River Run: The property owner's CWA renewal application was reviewed and discussed. Mr. Perkins stated that the requested ERUs have been contained in the Association's service figures due to prior approval by Ted Stonebridge issued on 3/11/19. After discussion, the Board concluded that additional time is needed to review the documentation and will vote via email.

Vote to Approve Insurance the most recent insurance renewal quote from Bell-Anderson was presented and discussed.
MOTION NO 2021-06: Motion to Approve Bell-Anderson Insurance proposal was made by Ms. Hibma and seconded by Mr. McKone. Motion carried.

NEW BUSINESS:

Vote to Approve Nikka Rose as signer on bank accounts

MOTION NO 2021-07: Motion to approve Nikka Rose as signer on bank accounts was made by Mr. McKone and seconded by Mr. Formisano. Motion carried.

Vote to Approve Ames Lake Agreement – Old vs. New.

MOTION NO 2021-08: Motion to approve the new on call agreement with Ames Lake Water Association was made by Mr. McKone, and seconded by Mr. Costello. Motion carried.

Vote to increase base rate by 16.6% (\$1.41) as per rate study, 16.6% in usage rates and amortization to \$14. Mr. Costello noted that the percentages should apply all categories and apply to multiple ERUs in the same percentage. The Rate Schedule will be adjusted accordingly.

MOTION NO 2021-09: Motion to approve the increase base rate by 16.6 % (\$1.41 per ERU) as per rate study, 16.6% to rates, and to \$14 for amortization (per ERU) to be effective 3/1/2021 was made by Mr. Costello, and seconded by Mr. Formisano. Motion carried.

Vote to Approve 2021 Budget. Discussion followed concerning the 2021 Budget as presented in Dropbox – adjustments were made for the new generator and consultant fees for the 2001 Water Right preliminary permit.

MOTION NO 2021-10: Motion to approve 2021 Budget as amended was made by Mr. O'Brien and seconded by Ms. Hibma. Motion carried.

Discuss Schedule for Annual Member Meeting 3/30/2021 The Board concurred that the Annual Member Meeting is scheduled on 3/30/2021 via Zoom.

Discussion concerning Toll Brothers leak relief for irrigation system damage It was noted that the leak occurred in a planting bed that will be turned over to the HOA upon plat completion. After discussion, the Board decided to take no action and thereby provide leak relief by applying the standard adjustment formula as was decided at the previous board meeting.

EXECUTIVE SESSION:

Mr. Bergman left the meeting. An Executive Session was called by the President Baker to review legal matters with counsel at 9:15 pm and exited 10:08 pm. The regular session of the meeting resumed.

MOTION TO ADJOURN:

Motion to adjourn meeting was made by Ms. Hibma and seconded by Mr. Costello at 10:08 pm. Motion passed.

Submitted by: Ann Reed, Board of Trustees Secretary