

**Sallal Water Association
Board of Trustees
Minutes of Tuesday January 21st, 2020 Meeting**

The regularly scheduled meeting of the Board of Trustees of the Sallal Water Association was called to order on Tuesday, January 21st, 2020 at 6:02 pm by President Eric O'Brien.

Board members present, Eric O'Brien, Daylin Baker, Ann Reed, Larry Costello and Sheldon Lynne
Consultants present: Richard Jonson, Attorney, Warren Perkins, Engineer and Adam Gravley, Attorney
Employees present: Lisa Hagen, Utility Customer Administrator and Ted Stonebridge, General Manager
Guests present: Katy Isaksen, Rich Formisano, Joyce Hibma, and Michael Thomas

GUEST COMMENTS

Mr. Thomas presented three questions: "When will the WSP draft be available to members", "Has North Bend reduced the demand for mitigation water" and "Will Sallal be responding to the letter from Cascadia Law".
Mr. Thomas left the meeting at 6:39 pm.

CONSENT AGENDA

Board minutes of the December 17th, 2019 regular Board meeting (amended) and the consultant billing statements (amounts below) were presented.

Jonson & Jonson statement included----- \$6,552.00
Gray & Osborne statement included-----\$27,939.85

MOTION NO 2020-1 Motion to approve the December 17th, 2019 Board meeting minutes (as amended) and the consultants billing statements for Jonson & Jonson and Gray & Osborne by Daylin Baker and seconded by Ann Reed. Passed unanimously.

REPORTS

Member Advisory Committee Report

The January 14th, 2020 meeting was cancelled due to inclement weather.

Engineer Report

Office/Shop. Mr. Perkins presented a proposal for engineering services to obtain final building permit, prepare contract specification and assist with funding application. Mr. Costello requested deferral of the matter so the financial aspects of the project could be reviewed. The issue was tabled for further discussion later in the meeting.

WSP Update. Mr. Perkins presented a summary of the proposed WSP with the requested changes. Water use efficiency goals were reviewed, and it was noted that insertion of figures into the WSP would be deferred pending final adoption. Mr. Costello advised that his review comments from November 2019 and January 17th are not fully resolved and will require further deliberation by the board.

Well #2 Contact Time Water Main. Mr. Perkins stated that materials have been ordered and plans sent to SPU and DOH. Mr. Stonebridge advised that the work is being performed by Fury Construction and is on schedule to be complete by April 2020.

Well #4 and New Reservoir. Mr. Perkins advised that the current schedule for the Well #4 and New Reservoir work will happen too soon in order to qualify for USDA loan funding. The engineer's preliminary estimate for this work is \$2.1 million and a 6 month construction time. The board decided to delay the bidding and start of work in order to allow sufficient time to prepare the USDA loan application. This could represent a 4 or 5 month delay in the project and result in revisions to the WSP, but this will be revisited at the next board meeting. Emphasis was made about possibly unbundling the scope of work in order to prioritize the new reservoir for fire storage.

Attorney Report

Legal issues were reserved for executive session.

General Manager Report

Mr. Stonebridge directed the Board to his written report posted in Dropbox.

Mr. Stonebridge discussed the Well #2 inspection and stated that cap, seal and casing all appeared to be intact. The pump will be reinstalled within the next two weeks and readied for return to service upon completion of the Well #2 Contact Time project.

Katy Isaksen discussed proposed scope and budget for a 2020 water rate study. The proposal contained three alternatives.

MOTION NO 2020-2 Motion to approve Katy Isaksen & Associates to proceed with Alternative #3 with maximum of \$40,000 by Sheldon Lynne and seconded by Daylin Baker. Passed unanimously.

Ms. Isaksen left the meeting at 7:19 pm.

UNFNISHED BUSINESS

Board Interviews. Notice of openings to be posted on website and interviews for two Board positions to be held in February.

Employee handbook. Tabled until next Board meeting.

New Headquarters. Deferred.

WUE goals/Reservoir. Public forum will be scheduled for the February 18th, 2020 Board meeting. Discussions from Mr. Costello regarding proposals for a new reservoir as a means to manage mitigation for instream flows will be deferred pending more research on what groups and policy makers may be considering such plans (e.g. East King County Regional Water Association Coordinated Water System Plan). Mr. Costello will take the lead on this.

NEW BUSINESS

Audit. Mr. Stonebridge stated that the 2020 audit is about to begin. The auditor engagement letter was presented. After discussion, the Board concurred that next year, audit proposals should be solicited from other firms.

Master Rate Schedule. The 2020 Master Rate Schedule (w/8% rate increase) was presented.

MOTION NO 2020-3 Motion to approve the 2020 Master Rate Schedule which includes an 8% rate increase by Ann Reed and seconded by Sheldon Lynne. Passed unanimously.

Water System Rate Study. Previously decided.

EXECUTIVE SESSION

Mr. Formisano and Mrs. Hibma exited the meeting. An executive session was convened at 8:01 pm to discuss with counsel legal matters including King County franchise fee litigation, and the 2001 water rights application. The executive session was concluded at 10:23 pm, Mr. Gravley left the meeting and the regular session of the meeting resumed.

Engineer Report (cont.)

New Headquarters, cont. Mr. O'Brien reviewed the history of the project and the urgency of losing our lease in our current location. Information was shared concerning cost estimates and current expenditures. Current costs to date were estimated to be in the range of \$250,000 to \$350,000 with board approved commitments of approximately \$400,000. A project cost accounting tool will need to be developed. Discussion followed about the costs of renting versus ownership, efficiencies of having office and field staff in one location, and possible rental option. Past and current research produced an apparent lack of suitable commercial space in the North Bend area. Approximate cost

calculations were discussed to compare the alternatives. Regarding the pending new proposal from Gray & Osborn (see Engineer's Report above) Mr. Perkins stated that Lawhead Architects would be the lead consultant on the project. Mr. Costello recommended that the project be value engineered if it is to go forward. Interim use of the mobile home on the site was discussed. After discussion, the Board members concurred that the building project should go forward without further analysis of alternatives.

MOTION NO 2020-4 Motion to approve engineering services contract with G&O by Daylin Baker and seconded by Ann Reed. Passed unanimously.

Continue appeal of King County Franchise litigation

Mr. O'Brien recused himself from the remainder of the meeting and Ms. Baker took over as chair.

MOTION NO 2020-5 Motion to approve continuation of the King County appeal process and execution of supplement legal services agreement for \$10,000 by Sheldon Lynne and seconded by Ann Reed. Passed Unanimously. Eric O'Brien abstained.

MOTION TO AJOURN meeting at 11:15 pm by Sheldon Lynne, seconded by Daylin Baker. Passed unanimously.

Submitted by:

Ted Stonebridge, General Manager