

Sallal Water Association

Board of Trustees

Minutes of Tuesday, October 20, 2020 Meeting and Continuation to October 21, 2020

The regularly scheduled meeting of the Board of Trustees of the Sallal Water Association was called to order on Tuesday, October 20, 2020 at 6:00 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, Assistant Engineer

Employees present: Denny Scott, General Manager

Guests present: IT Consultants from Seattle PC Consultants and NerdsToGo (see names below)

GUEST COMMENTS: none

CONSENT AGENDA:

Minutes from the RDA Loan Member Meeting August 25, 2020, September and October Work Study, and September 15, 2020 BOT meeting were presented. The billing from Blackfin was not included in the consent agenda. Mr. Formisano asked about the Lawhead billing and how to determine the actual costs.

MOTION NO 2020-46: Motion to approve consent agenda with corrections to the October Work Study and September BOT minutes; includes approval of consultant bills for Jonson & Jonson for \$26,354.82 (two months), Gray & Osborne for \$12,967.53; and Lawhead for \$8,099.80 was made by Mr. Costello, and seconded by Ms. Hibma. Motion carried.

IT Consultants Presentations:

- Jonathan Wood: Seattle PC Consultants presentation covering the overview of services. Exited at 6:57 pm
- Michael Santiago, Gina Baker, Brian Kane: NerdsToGo presentation covering overview of services. Exited at 7:34 pm.

REPORTS:

Member Advisory Committee Report

Mr. Formisano reported that a potential new member attended the last MAC meeting. Discussion topics included the North Bend water conservation ordinance, member surveys, how to gather information, and the upcoming member meeting on chlorination.

Conservation Committee Report

No report

Treasurer's Report

Ms. Hibma explained the financial reports in DropBox. She presented an example of a collection letter for use after COVID-19 restrictions on billing are lifted. The text of the letter was reviewed and discussed along with collection strategies.

Discussion continued on modifications of the master rate schedule as noted on the agenda. Changes included:

1. The hourly rates for field work from \$85 to \$90 to reflect current salary rates.
2. Removal of the storage assessment fee because it has not been used. No conclusion was reached on this item. It was agreed to leave the charge as is and evaluate it at a later time.
3. Update NSF fee to include checks from ACH. Language would read "NSF check/ACH"

MOTION NO 2020-47: Approval of the Rate Changes as presented and update of the master rate schedule was made in a motion by Mr. O'Brien and seconded by Mr. McKone. Motion carried.

Mr. Costello inquired about 3 inch meters not appearing on the rate schedule. Mr. Scott noted that the only 3 inch meter is for a backup intertie to a trailer park that has its own water source and distribution system. Mr. Scott will review use of this meter.

Engineer Report

Mr. Perkins reported on USDA's requirement that the 2014 form EJCDC form of engineering services agreement rather than the 2020 form be used for the projects. He stated that the USDA was requiring additional on-site inspection, to 75%, which caused an increase of \$20,000 for the project cost. The cost will be reimbursed from RDA loan if approved. Mr. Costello expressed concern that the new proposal did not first come to the Board for consideration. Mr. Costello will communicate with the USDA about the changes in the proposal and cost reimbursement from loan proceeds and ensure Sallal is in the proper communication channels to participate in negotiations and changes.

Mr. Perkins also reported that a change order is in progress for the Well #4/Reservoir project to remove the requirement for prevailing wages which are not needed for a USDA funded non-public works project.

MOTION NO 2020-48: Motion to approve changes in the Construction Management proposal subject to negotiated reductions with USDA made by Mr. McKone and seconded by Mr. Formisano. Motion approved.

Mr. Perkin stated that work has started on the North Bend water demand study and will consider uses needed for the next 20 years. Results of Task 1 will be presented to the board by next week. Schedule for completing the study will be provided once Sallal authorizes G&O to proceed with the Task 2 work.

He stated that no new comments have been received regarding the Water System Plan update.

He presented a proposal to analyze the Association's costs of providing fire suppression services in the amount of \$10,095. The study will determine the credit for fire suppression costs for purposes of the King County franchise rent ordinance and franchise agreement negotiations with the City of North Bend. The Study assumptions and criteria will be reviewed with the board before proceeding with the study.

MOTION NO 2020-49: Motion to approve the G&O proposal for analysis of fire suppression costs was made by Mr. O'Brien and seconded by Mr. Costello. Motion carried

Mr. Perkins stated that the G-O master form of agreement for engineering services has been reviewed with input from counsel and has been submitted for approval. Mr. McKone requested copy to be put in DropBox.

MOTION NO 2020-50: Motion to approve the G&O General Services contract was made by Mr. Costello and seconded by Mr. Formisano. Motion carried.

Attorney Report

Mr. Jonson reported that the trial date on the franchise rent litigation with King County has been pushed back to August 2021. He will report at a subsequent meeting regarding status of the litigation and possible legislative efforts.

Mr. Jonson reminded the Board that the Developer Extension Agreements (DEA) mentioned in the GM Report need Board approval. In addition, he suggested update and clarification of the Association's list of pending development projects and waiting list. This will be added as an item on the next meeting agenda.

General Manager Report

Mr. Scott referred to his report in Dropbox.

Toll Brothers requested final approval for the Phase 1 DEA. Mr. Scott stated that all the fees have been paid and requested approval from the Board.

The Kusak DEA is paid, reviewed and approved by Mr. Scott and is ready for Board approval.

Mr. Scott will place the DEA documents in Dropbox. Board members need to approve via email by the end of the week and be formally ratified at the next board meeting.

He reported that Cadman is interested in purchasing water for gravel and rock washing purposes but the company clearly needs more water than we can supply. Cadman has had an exempt well on its premises and apparently has a pending water rights application to expand the use of that well. Mr. Scott will follow up with more questions for Cadman concerning its request.

He stated that the owner of the Rogers well serving the truck stop has complained about the increase in charges to monitor and maintain the well. Sallal used to charge \$100 per month with a 10% service fee in the past. Mr. Stonebridge raised the fee to \$750 per month with a 15% service fee. Mr. Scott reported time spent managing the well.

Parts and repair time is billed separately. Discussion followed concerning the level of staff and management time required to provide the service.

MOTION NO 2020-51: Motion made by Mr. O'Brien to authorize the General Manager to change the fees pertaining to the Rogers Well to \$540 per month plus time and materials at regular rates for repairs and testing fees. Seconded by Ms. Hibma. Motion carried.

The schedule for annual backflow notifications commences in March with forms due back to the office in July. A summary is sent to DOH. A database is needed to monitor the backflow progress. Mr. Scott proposed hiring part-time help to work on database and tracking implementation for backflow device testing purposes for \$15 per hour for 15 hours a week for two months.

MOTION NO 2020-52: Motion was made by Mr. O'Brien to authorize the hiring of part-time help for \$15 an hour for 15 hours a week for two months for backflow device testing purposes, seconded by Ms. Hibma. Motion carried.

Mr. Scott stated that he will contact the owners of three buildable lots with non-participator accounts to determine if the water will be used. He stated that River Run is having problems with funding but hopes to move forward in 2021. They have requested an extension of an expired certificate of availability. Discussion followed. Mr. Scott will prepare a letter notifying the project that the CWA has expired and that they will need to reapply at such time that the project is ready to move forward.

UNFINISHED BUSINESS:

Chlorination Member Meeting: Presentation has been updated as well as the summary paper. DOH has been invited. Ms. Baker will kick off the meeting, Mr. Formisano will present, and Mr. McKone will assist via chat and monitor questions. Ms. Reed will take minutes. Ms. Baker will manage the Zoom meeting. Summary sheet posted on the website by Monday. PowerPoint posted after the meeting.

Employee Benefit Insurance: Still waiting proposal from insurance agent. Current coverage may need to be extended through November.

Well Testing Charge: The well testing rate was reviewed.

MOTION NO 2020-53: Motion made by Ms. Hibma to increase the well testing charge to \$45 plus testing costs, and ROW work fee to \$85 plus inspection and permit fees effective Nov. 1. Seconded by Mr. O'Brien. Motion carried.

Headquarters Project and USDA Financing: Mr. Costello reported that the interim construction loan application is in progress with Pacific Premier - Opus. A few outstanding items for the Letter of Condition need completion. An update of the different classes of users, an emergency response plan, and an operating budget demonstrating that we have M&O funding for all three projects are needed. Mr. Scott was requested to obtain a written agreement from the landlord to extend the lease of our current office space.

Lawhead will finalize new office design by November 5 to include removal of the outside storage area which will save \$150,000 minus about \$10,000 to revise the drawings.

There is a need to revise the contract documents to remove prevailing wage language based on USDA direction.

Bidding package for the headquarters project may be ready to process by mid-November subject to USDA approval.

IT requirements for the office will need to be finalized immediately. The new IT service provider will be brought in as soon as possible to assist in the design.

Lawhead submitted a change proposal for 10 task changes in the amount of \$59,250.

The financial reserve analysis dated October 15, 2020 was discussed.

MOTION NO 2020-54: A motion to approve the Lawhead change order for \$59,250 was made by Mr. Costello, and seconded by Mr. McKone. Motion carried.

MOTION NO 2020-55: Approval of the Reserve analysis dated October 15, 2020 was made by Mr. Costello, and seconded by Mr. O'Brien. Motion approved.

Water Right Application: Aspect is working on the scoping for Phase 1 of the 2001 water right application, and expects to complete this by October 31st as planned.

Review of Election procedures Bylaw amendments deferred for November work study.

NEW BUSINESS:

Ms. Baker recommended that Mr. Scott be appointed as interim General Manager until such time as the Board determines otherwise.

MOTION NO 2020-56: Motion was made by Mr. O'Brien to name Denny Scott as interim General Manager pursuant to the job description items in Mr. Stonebridge's engagement letter. Seconded by Mr. McKone. Motion carried.

Medical Insurance modifications: Ms. Baker suggested that new hires would be offered insurance only for the employee and not for spouses and/or dependents. Ms. Reed will check with our medical insurance representative on this modification for advice.

IT and SCADA Contracts: Ms. Reed and Mr. Scott explained and answered questions concerning the IT and SCADA Contracts in DropBox. Also the DropBox agreement was explained. Decision made to increase the storage capacity in DropBox.

MOTION NO 2020-57: Motion made by Ms. Reed to award the SCADA contract to Systems Interface. Seconded by Mr. McKone. Motion carried. Mr. Scott will advise Systems Interface on a start date.

MOTION NO 2020-58: Motion made to award the IT contract to NerdsToGo by Mr. O'Brien subject to counsel review of the contract document. Seconded by Mr. Formisano. Motion carried.

Ms. Reed can sign the NerdsToGo agreement, but will have counsel review if different than the proposal in DropBox. Ms. Reed will contact all the vendors that submitted proposals and advise of the Board's decisions.

EXECUTIVE SESSION:

Executive Session was deferred.

MOTION TO ADJOURN: Motion to continue and temporarily adjourn the meeting to 7:00 pm on October 21, 2020 (by Zoom) was made by Mr. O'Brien and seconded by Ms. Reed at 11:29 p.m. Motion carried.

Continuance of October 20 meeting

At 7:00 pm, on October 21, 2020, the regular meeting of the previous evening was reconvened. All Board members except Ms. Hibma were present as was Attorney Jonson.

Executive Session

Ms. Baker called for an executive session to review personnel issues and legal issues with counsel. At 8:41 pm, the executive session was concluded and the regular session of the meeting was reconvened.

MOTION NO 2020-59: Approval of the Kusak DEA was made by Mr. Costello and seconded by Mr. O'Brien. Motion carried.

MOTION TO ADJOURN: Motion to adjourn the meeting was made by Mr. O'Brien and seconded by M. Costello at 8:44pm. Motion carried.

Submitted by: Ann Reed, Board of Trustees Secretary