

**Sallal Water Association
Board of Trustees
Minutes of Tuesday, June 16, 2020 Meeting**

The regularly scheduled meeting of the Board of Trustees of the Sallal Water Association was called to order on Tuesday, June 16, 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, Joyce Hibma, Ann Reed, Larry Costello, Shawn McKone, and Rich Formisano

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

Employees present: Ted Stonebridge, General Manager

Guests present: Michael Thomas, Anne Herman

GUEST COMMENTS:

Michael Thomas expressed opposition to the City's water conservation ordinance and expressed support for Sallal's letter of opposition. If there is anything the Board wants the members to do specifically, he would be willing to help spread the word. Sallal encourages members that are within the city limits to contact the City with their concerns. Mr. Thomas also noted the responses to his questions concerning the WSP were not as specific as he had hoped. He was mostly concerned about the amount and timing of mitigation water needed by the City and expressed opposition to the contract with North Bend. Mr. Thomas asserted that Sallal's WSP and the North Bend contract are not consistent. Mr. Thomas also expressed giving a commendation for Denny Scott for resolving a PRV issue for a member. Mr. Thomas will attend and comment at the UTRC meeting scheduled for tomorrow.

CONSENT AGENDA

Board minutes of the May 19, 2020 regular Board meeting, the June 2, 2020 BOT work study session, and the consultant billing statements were presented. Suggested edits to the minutes were presented and discussed.

MOTION NO 2020-25 Approval of the minutes with edits currently in DropBox was made by Mr. McKone and seconded by Mr. Costello. Motion carried.

MOTION NO 2020-26 Approval of consultant statements was made by Mr. Costello and seconded by Mr. O'Brien. Mr. McKone had a question on the Akana statement regarding value engineering. Mr. Costello noted some cost savings efforts with Akana in plan review and system designs. Mr. Stonebridge mentioned Task 3 did not have details and will ask for detailed billing in this area. Mr. McKone would like a monthly report on what work we are being billed for. Mr. Costello listed the issues that have slowed the project estimating it to about a month behind schedule. Mr. McKone again requested more detail on billing, Mr. Stonebridge will follow up. Motion carried.

REPORTS

Member Advisory Committee Report

Mr. Formisano reported on actions of the MAC. The MAC members are looking into adding members. The demographics project is on hold until new billing software is installed. In the area of back-up power solutions for the new office, Elmer Sams suggested that an 80kw generator may be too big. Mr. Formisano will touch base with Mr. Costello on this. The chlorination project was discussed in addition to in-home filter options. Mr. Formisano wrote an article for the Newsletter on the Sallal's position on the City's water conservation ordinance. Ms. Reed will post an announcement concerning openings for the MAC on Nextdoor. Mr. Costello presented suggested edits to the MAC minutes of the June 9, 2020 meeting.

MOTION NO 2020-27 Approval of publication of the June 9, 2020 MAC minutes with corrections by Mr. Costello was made by Ms. Reed and seconded by Ms. Hibma. Motion carried.

Conservation Committee Report

Mr. McKone is the lead for this committee and stated that the group hasn't had a chance to meet. The group is scheduled to meet Monday.

Treasurer's Report

Mr. Formisano requested a budget report for each month. Ms. Hibma noted it will be a regular part of the Treasurer's Report once entry data is cleaned. Ms. Baker asked how far back we can request refund on State public utility taxes. Ms. Hibma responded four years, and this work is in progress. Mr. Costello asked about the audit results concerning bank balances FDIC coverage and the 2020 budget update. Ms. Hibma noted that this too is work in progress. Health insurance update by Ms. Reed moved to executive session.

Engineer Report

Mr. Perkins reported that the Water System Plan (WSP) is out in draft and we have received comments from members, King County, and DOE. The WSP is required to be updated every ten years, yet King County is wondering about our water use for a 20 year outlook being insufficient. The Well #4 and reservoir project is ready to move forward to ask for the bids. Mr. Stonebridge needs to obtain an interim construction loan on the well and reservoir as well as the new office to finance construction of these projects until converting to the RDA loan after construction is complete. Sallal reserves in the amount of \$997,000 are also required to be used as a portion of the funding for these projects. But, it was clarified by RDA that using Sallal's reserves beyond that amount with intent of refunding the reserves with the RDA loan monies will not be allowed. Dick advised waiting until the construction loan is in place before putting the Well #4/Reservoir project out for bids. Deliberation followed and concluded that there will likely be a three week period for bids, a couple of weeks for review prior to award, and bids are typically good for 30 to 60 days. Based on that timeline, it was agreed to proceed with advertising the Well #4/Reservoir project but not awarding until the construction loan is confirmed. Mr. Perkins will proceed with advertising for bids.

Attorney Report

Mr. Jonson reported on the status of the King County franchise fee litigation.

General Manager Report

Mr. Perkins, Ms. Baker, and Mr. Stonebridge will be attending the UTRC meeting on the WSP tomorrow. Mr. Stonebridge discussed the development of the rate study model including recent updates by Katy for the 2019 actuals. A meeting with the rate study committee will be scheduled early in July, followed by a presentation to the Board during the July 21st meeting. Leakage data needs to be clean before bringing the Board water production data.

UNFNISHED BUSINESS

2001 Water Right Application. The Water Right study committee reported on the consultant interviews, and felt Aspect Consulting provided the best qualifications for this project. The preliminary permit scope of work which was issued by DOE will be used as the basis for a study proposal. Aspect will be requested to offer a phased approach with off ramps depending on the budget constraints. Mr. Perkins suggested waiting to see what Katy Issacson comes up with before deciding how much to budget. The committee will let Aspect know to move forward with a scope proposal. Mr. Stonebridge suggested Aspect include a cost breakdown per each of the three phases outlined by DOE.

MOTION NO 2020-28 Approval to request Aspect Consulting to provide a scope of work and budget for hydro geologic work in connection with the 2001 water right application was made by Mr. Costello and seconded by Mr. O'Brien. Motion carried.

Chlorination vs. Untreated Water Discussion. Mr. Stonebridge noted that DOH stated that we can't use flushing to maintain untreated water status nor use engineering samples to detect water quality problems.

The only option DOH suggested was redesigning our current system with no other direction on what to do to go back to untreated water. A redesign would involve a very exhaustive evaluation and probable expensive reconstruction followed by extensive testing. There is a clear lack of support from DOH to go back to untreated water. Based on that understanding, there was general consensus that attempting to return to untreated water would not be cost effective or likely successful. This decision can be revisited at any time in the future as well. Discussion followed on how to share information with members that we have gathered to reach a decision. The Board discussed a possible September member meeting to coincide with a one-year anniversary since the E. coli event. Mr. Formisano will take the lead with assistance from Mr. McKone and Ms. Reed. The presentation will be no more than 35 slides in length. Members will be asked to share their thoughts.

Open Bookkeeper Position. Three finalists have been selected for the bookkeeper position by Ms. Baker, Ms. Hibma, and Mr. Stonebridge. Sallal staff will be involved in the final interview.

Supply Contract. Ms. Baker reported that the next meeting with the City of North Bend will be June 25th for which we will listen to their response. The City's perspective is that negotiations are back at the 10 yard line. We are expecting a letter from the Mayor highlighting the City's concerns. Rates proposed in the draft agreement are undergoing review by Sallal and will be updated as necessary to ensure they are appropriate for Sallal's interests. The City is sending backup to support their proposed rates and has confirmed that rates should be based on CCF rather than CM. We have pointed out the inconsistencies between growth figures between our WSP plans. The UTRC suggested that approval of both WSPs may rest on a completed contract. The City has the burden of next steps. There is concern that the City wishes to designate Sallal as the primary mitigation source contrary to the 2008 permit listing SPU as the primary source and Sallal as the backup. Developing a better understanding of the intertie with North Bend regarding impact to instantaneous and annual limits during water transfers is needed to fully assess the contract terms and conditions. final Ms. Baker will work on next steps for the City of North Bend contract. Questions to consider: Will any changes in the NB agreement in either water amount or primary source, open up the 2008 permit for legal review? Where can we use NB water in our system?

The City of North Bend's water conservation ordinance is predicted to move forward. We received no response to our letter.

NEW BUSINESS

Sallal signatories need to be updated and corrected for bank transactions.

MOTION NO 2020-29 Motion to approve current President and Treasurer to sign and endorse checks, drafts and other forms of negotiable instruments drawn into or deposited into the Association's bank accounts, and further, remove past President and Treasurer listed on bank signature cards was made by Mr. O'Brien and seconded by Mr. McKone. Motion carried.

Ms. Hibma will look into a budget report for each meeting.

Mr. Stonebridge asked about the minimum monetary reserves we wish to continue to keep. Mr. O'Brien stated that in the past, it was based on a number of months (3 to 6) of revenue for operational reserves and that membership fees should be set aside to fund capital improvements.

Next work study topic Board election policies. July 7, 6pm.

EXECUTIVE SESSION

Executive Session was called by the President to review employee insurance benefits and North Bend water supply contract issues began at 8:22 pm and exited 9:42 pm.

MOTION TO ADJOURN

Motion to adjourn meeting at 9:42 pm was made by Mr. Costello, seconded by Mr. McKone . Motion passed.

Submitted by: Ann Reed, Board of Trustees Secretary