

**Sallal Water Association  
Board of Trustees  
Minutes of Tuesday, August 18, 2020 Meeting**

The regularly scheduled meeting of the Board of Trustees of the Sallal Water Association was called to order on Tuesday, August 18, 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, Larry Costello, Shawn McKone, Joyce Hibma, and Rich Formisano

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

**Employees present:** Ted Stonebridge, General Manager

**Guests present:** Jean Buckner, Michael Thomas

**GUEST COMMENTS:**

Mr. Thomas thanked the Board for not providing water usage reports to the City. He requested that no water use data for septic users be supplied to the City. Mr. Thomas also expressed concerns about the UTRC and King County proposing to allow a five year approval for the City's WSP. He had questions about the impacts to our bills from the proposed RDA loan, the status of our current USDA loans, and the status of supply contract negotiations with the City. Mr. Thomas stated that he is opposed to a contract with the City to supply its mitigation needs.

Ms. Buckner thanked the Board for protecting members' water usage data. She asked what projects the RDA loan would be used to cover. She suggested looking for opportunities to lease other office and warehouse space. She also informed the Board that The Friends are analyzing water use data for both Sallal and North Bend and that they disagree with the City being allowed to provide an interim 5 year WSP update rather than the 10 year plan. She also shared that the City claims her sewer bill is based on winter water usage data.

The board clarified that water use information will be provided to the City for those Sallal members who have authorized that with their sewer contract.

**CONSENT AGENDA:**

**MOTION NO 2020-33:** Approval of the July 17, 2020, July 29, 2020 and August 11, 2020 special Board meeting minutes was made in a motion by Mr. Costello, seconded by Mr. O'Brien. Motion carried.

**MOTION NO 2020-34:** Approval of the consent agenda and corrected July minutes was made in a motion by Mr. McKone and seconded by Mr. Costello. A request by Mr. Costello was made concerning Lawhead's invoice on scope changes needed backup. Mr. Stonebridge will follow up. Motion carried.

The correct version of the June 16<sup>th</sup> Board Meeting minutes will be posted on the Sallal Website.

**REPORTS:**

**Member Advisory Committee Report**

August 11<sup>th</sup> meeting was cancelled.

**Conservation Committee Report**

Mr. McKone reported there was nothing new to report.

**Treasurer's Report**

Ms. Hibma reported that she met with Jennine to post financial reports in DropBox, but the reports were not audited by Ms. Hibma at that time. She is reviewing Quickbook online but is not sure that it will work for Sallal. Jennine is using an updated version of Quickbooks, but not at the office. Jennine is requesting to spend a day with Lisa to observe the filing system to understand the billing and payment processes and determine which reports Jennine will need.

Ms. Hibma recommended the creation of a collections policy ready to implement after COVID emergency proclamations expire (presently, October 15) to also include for special project invoices such as meter installations. Some invoices are over 90 days overdue – primarily for water use billings. Past practice was a call to remind the member. Mr. Jonson reported on the Governor Proclamation relating to disconnects. Mr. Stonebridge reported that deferred payment agreements have been worked out with some individuals that have reached out to Sallal. Lisa documents these

agreements. Ms. Hibma stated that special projects are billed at our cost, not including taxes or admin costs, and some undeveloped properties in the Uplands have only partially paid. The balance is due when the water service is connected. Mr. Jonson noted that Sallal should cover its costs and it is common for water purveyors to include markups for administration and taxes. Ms. Hibma stated that as a minimum we should have a 10% markup. Sales tax should be included if working on the property owner's side of the meter. The markup would include costs for picking up parts, documenting work, drafting and sending billing. We may need to include additional fees for fixed fee work that exceeds the average time to complete. Ms. Hibma will draft a policy and send to Mr. Stonebridge for review – this will be presented at the next board meeting. Ms. Hibma and Jennine are working on procedures for a collection policy.

### **Engineer Report**

*WSP:* Mr. Perkins questioned why the UTRC is insisting on 20 years of water supply capacity for a 10 year plan. Mr. Stonebridge is working on scheduling a meeting with the UTRC to address this issue – anticipated to be the week of August 24<sup>th</sup>. The Board will use the September Work Study to address and review UTRC and DOH comments on the WSP and guide Mr. Perkins on next steps. He will propose responses and circulate for review before the September Work Study meeting. Updated WSP is due back to the agencies by September 28<sup>th</sup>.

*New Office/Shop:* We still have not received the building permit for the office/shop. We have also not received the storm water permit. Warren will again contact King County in effort to expedite release of the permits. RDA Letter of Conditions Checklist needs completion by Mr. Stonebridge and Mr. Jonson. The AIA contract forms and related RD Supplements are completed by Mr. Jonson as far as they can go for now and need to be compiled and organized. Mr. Costello will build the project book and track what will need to be finished. Mr. Perkins will check on permit status. Ted still has not received a copy of the Preliminary Architectural Report (PAR) referenced as a requirement in the RD loan Letter of Conditions. Ted will again make a request to RD for a copy of the PAR.

The board discussed arrangements for the applicant funding of \$997,000 required by the RD loan. The Reserve Analysis report proposed a solution for using some of Sallal's reserves for this. A final decision was not made at this time. The Treasurer will post the reserve account balances in the recurring Treasurer's Report.

*Well #4 and Reservoir:* Discussion ensued concerning funding the construction of the reservoir and Well #4 by using reserves until a construction loan can be secured. Other alternatives to using reserves include commercial loan, or an assessment. No decision will be made until after the member vote on the RDA loan scheduled for August 25<sup>th</sup>. Mr. Perkins advised that award to the low bidder would have to occur by September 13 to meet the 60 day time period stipulated in the contract. There are a few items from the May 18, 2020 RDA letter regarding "Post Bid Submittal Items" that need to be completed before that date.

*North Bend Connection Update:* Mr. Perkins reported that G&O had begun this work. Consumption data from Sallal was requested. He stated that a substantial part of fire flow demand comes from within the city limits.

### **Attorney Report**

King County Franchise Free litigation is continuing. Mr. Jonson recommended that Sallal analyze fire suppression costs because the County's ordinance allows those costs to be credited against whatever rent amount is ultimately agreed upon. G&O has just started preparing a proposal to perform this evaluation. The proposal is anticipated within the next two weeks. The trial date has been requested to be moved to mid-summer 2021.

### **General Manager Report**

Mr. Stonebridge referred to his report in Dropbox. He stated that the required permit fee payment was paid to King County in July. He completed an additional form, but King County has not communicated further on what is needed to release the permit. The Reservoir and Well #4 project is waiting on the member vote. Interim financing is waiting on Umpqua Bank to find a new appraiser and reassess the value by August 31. Ted gave USDA a quick update and asked for an interim financing funding waiver – this was via voice mail to Darla on 8-17-20.

He reported IchijoUSA has reduced its request for 50 homes down to 40 for its proposed development near Woodriver. The water certificates have been renewed based on continued prosecution of the project by the developer.

Blackfin contract negotiations are underway and will be completed in the next few weeks. The new building is a high priority -, need bandwidth study and input on the design of the SCADA room.

### **UNFINISHED BUSINESS:**

Amended rate schedule in DropBox was reviewed and corrections noted. Mr. Stonebridge will provide the correct version for the website post.

**MOTION 2020-35:** Approval of the March 1, 2020 version of the master rate schedule with corrections was made in a motion made by Mr. Costello and seconded by Mr. Formisano. Motion approved.

Ms. Baker reported that Katrina Montgomery was hired as our part-time office support and starts August 31. Weekly hours will be between 16 and 24 as needed.

Mr. Stonebridge reported that Aspect requested a meeting with him to discuss the proposal clarification based on the Board's requests for explanations.

**NEW BUSINESS:**

Mr. Stonebridge presented a request from Edgewick Inn for billing relief due to COVID issues. Sallal has the expectation for the bill to be paid, however we can look at financing arrangements. Mr. Stonebridge will follow-up with Tanner Electric to see if they offered relief, and then determine our next steps.

September Chlorination Member Meeting is scheduled for September 29, 7pm via Zoom. The rough draft of presentation is complete. Mr. Stonebridge will gather pictures to add to the presentation. Mr. Formisano will post the presentation in DropBox for review before the next Board Meeting.

Mr. Perkins will develop a presentation for the upcoming Member Meeting to obtain loan approval for funding the new projects. Ms. Reed will assist Lisa with ballots; Ms. Baker will gather votes during the meeting and send to Lisa. Mr. Costello will be assist with finance questions with information support from Ms. Hibma.

The Board discussed changing the Employee Handbook from 25 hours to 32 hours per week in order to receive benefits.

**MOTION 2020-36:** The motion to approve the Employee Handbook change to receive benefits from 25 to 32 hours was made by Ms. Hibma, and seconded by Mr. O'Brien. Motion carried.

Mr. Stonebridge will make corrections to the guide and circulate to the Board.

The Board returned to the discussion concerning the funding of the well and reservoir project depending on the member vote results. Sallal is required to make an equity contribution of \$997,000 as an RDA loan condition. Sallal currently has one RDA loan outstanding.

**EXECUTIVE SESSION:**

An executive Session was called by President Baker to review personnel matters at 9:20 pm and concluded at 10:14 pm. The regular session of the meeting resumed.

**MOTION TO ADJOURN:**

Motion to adjourn meeting at 10:14 pm was made by Mr. McKone, and seconded by Ms. Reed. Motion passed.

Submitted by: Ann Reed, Board of Trustees Secretary