

**Sallal Water Association
Board of Trustees
Minutes of Tuesday, February 16, 2021 Meeting**

The regularly scheduled meeting of the Board of Trustees of the Sallal Water Association was called to order on Tuesday, February 16, 2021 at 6:01 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

GUEST COMMENTS: No comments

CONSENT AGENDA:

MOTION NO 2021-12: Approval of the January regular Board meeting minutes (as edited), January Work Study minutes, and February Work Study minutes (as edited) was made by Mr. McKone and seconded by Mr. Costello.

MOTION NO 2021-13: Approval of payment to Jonson & Jonson in the amount of \$6,504.00 was made in a motion by Mr. O'Brien, seconded by Mr. Costello. Motion carried.

REPORTS:

Member Advisory Committee Report Mr. Formisano reported on MAC interest in the Risk and Resilience Project and a member survey on topics such as the City's conservation ordinance and meter reading requirements. After discussion, the Board concurred that a survey was not appropriate at this time. He noted offers of assistance from members with expertise in inventory and maintenance systems software.

MOTION NO 2021-14: Motion to approve the February 2021 MAC minutes was made by Mr. Costello, and seconded by Ms. Hibma. Motion carried.

Conservation Committee Report No report

Treasurer's Report

Ms. Hibma reported that the Association's books are in transition due to software and personnel changes and the auditor will begin work when 2020 books are in order. She stated that the State Unemployment Tax Rate was decreased and the cost savings will be determined soon.

Engineer Report

Mr. Perkins discussed the Well #4 Reservoir project proposed change order #3 pertaining to unanticipated rock removal and PCI's claim for standby time while work was delayed. Mr. Bergman reported on activities at the job site and the standby amount claimed by PCI. Discussion followed.

Mr. Costello stated that the project and submittal schedules submitted by PCI do not conform to the contract, and are late, and he suggested holding back funds to ensure compliance. Discussion followed. Mr. Perkins recommended that he notify PCI of the possibility of Sallal holding back funds from payment until acceptable schedules are produced. Discussion followed. The board approved action for Mr. Perkins to issue written notice to PCI regarding the schedule concerns. The board will assist in preparing the written notice. Mr. Perkins discussed pay estimate #4 and noted that it did not include change order #3 despite PCI's request that it be included. Discussion followed and the Board concurred that the change order #3 was not issued in sufficient time to be included in this pay estimate #4, but could be included with pay estimate #5.

MOTION NO 2021-15: Motion to approve PCI change order #3 for removal of the rock in the amount of \$29,395.00 plus sales tax was made by Mr. Costello and seconded by Mr. Formisano.

MOTION NO 2021-16: Motion to approve PCI pay estimate #4 in the amount of \$218,949.37 less \$10,071.27 in retainage for a payment of \$208,878.10 was made by Mr. O'Brien and seconded by Mr. Costello. Motion carried.

Mr. Perkins presented a change order request in the amount of \$3,753.00 from Pump Tech to change pump shaft size from 1.5" in diameter to 1.93" in order to avoid critical speed vibrations and wear. Mr. Costello reported that the change order request is not justified since the original pump shaft size did not meet the specifications in the construction contract (specification 11010-1.5). Mr. Perkins will relay the message that the pump shaft size needs to be changed at contractor's expense to follow the construction contract. Mr. Bergman reported that there may be an upcoming change order to accommodate the new generator.

Mr. Costello raised questions about the pending change documentation for the several changes issued by G&O. Mr. Perkins advised: Space heater and intrusion sensor – still waiting for response from contractor. Change to retaining wall layout – expecting response from contractor by 2-19-21. Status of other no cost changes (MCC size, chlorine analyzer relocate, change motor pedestal size, truss relocate) – TBD.

Mr. Bergman reported that the issue raised last month regarding Material on Hand (MOH) has been addressed. An agreement was executed between Sallal and PCI authorizing MOH to be stored offsite at the contractor's facility. Verification of insurance has been provided to Sallal.

Gray & Osborne's billing in the amount of \$41,303.74 was reviewed and discussed. Emphasis was placed on applying tight CM oversight of the Well 4 Reservoir work to ensure contractor compliance with the contract.

MOTION NO 2021-17: Motion to approve the payment to Gray & Osborne – \$41,303.74 was made by Mr. O'Brien, and seconded by Mr. McKone. Motion carried.

Attorney Report

Mr. Jonson stated that he will forward to the entire Board an email regarding the status of the pending litigation with King County.

Manager/Superintendent Report

Ms. Rose reported that UMS and Online portal is up and running. Details involving 401K agreements will be shared next meeting. She is still working on listing all of the Association's real property ownership interests and tax exemption status.

Mr. Scott reported on ongoing issues with Itron meter reading equipment and software. His full report is in Dropbox. Ms. Hibma inquired on how the temporary generator is insured while on site. This temporary arrangement could continue for several months. **Action** – Mr. Scott will check with NC Machinery.

UNFINISHED BUSINESS:

Ms. Baker requested a vote to approve the DEA agreement template as posted to Dropbox and noted that this form has been in use and may have been previously approved. Mr. Formisano asked about how leak relief is handled while a DEA is underway. Mr. Bergman stated that leak relief does not apply to DEA's and is only available after a meter is set and relates only to leaks that occur behind a meter.

MOTION NO 2021-18: Motion to ratify and approve the DEA Agreement form was made by Mr. Costello, second by Mr. McKone. Motion carried.

Risk and Resilience Project Update

Mr. McKone and Mr. Perkins reported on draft scope and procedures for in-house preparation. It was confirmed that this work will be done in-house with Mr. McKone leading that effort. Work is planned to start later this month with Mr. Scott and Ms. Rose. Ms. Reed will help with the Cyber Security section of the plan.

North Bend Water Supply Study:

Action - The board will review status of the Task 1 memo issued by G&O in November 2020. If the memo is acceptable, the board will approve it via email following the board meeting to authorize G&O to proceed with the Task 2 work.

NEW BUSINESS:

Columbia Bank Loan Commitment (interim financing for RD Loan #10)

The loan commitment letter from Columbia Bank was reviewed and discussed. Mr. Costello stated that once approved, Sallal can move forward to putting the headquarters project out to bid based on prior communications with USDA. Ms. Baker requested a formal motion to ratify the previously received email vote of the Board.

MOTION NO 2021-19: Motion to ratify and approve the commitment letter from Columbia Bank was made by Mr. Costello and seconded by Mr. Formisano. Motion carried.

Rattlesnake Generator

Mr. Scott presented three generator bid proposals and noted they did not include preparation work to set or house the generator. Mr. Costello suggested that Gray & Osborne design the project and then look for a specific generator solution. Mr. Scott stated that the design need to consider how the generator will fit in with the current construction project and whether it should be sized to power all three wells. Discussion followed concerning the addition of the generator to the USDA-RD loan with no conclusion. Mr. Scott stated that the rental generator is covering our needs for now. Mr. Costello suggested adding a surge protector to the system. Mr. Costello, Mr. McKone, and Mr. Formisano will form a sub-committee to work on the need, specs, and coordination of information for the generator.

Helm CWA Renewal Request

Mr. Scott presented a CWA renewal request from Mr. Helm for two single family residential lots to be created through subdivision with King County. The status of the subdivision process with King County was reviewed. He noted that the meters have already been installed for two single family residences and the current CWA expires later this month.

MOTION NO 2021-20: Motion to approve the Helm CWA renewal as presented to expire February 26, 2022 was made by Mr. Costello and seconded by Ms. Hibma. Motion approved.

Mr. Scott presented a proposed maintenance agreement with Systems Interface for on-call services. Mr. Costello asked if the contract was covered by the budget

MOTION NO 2021-21: Motion to approve the Systems Interface contract with edits as provided by counsel made by Ms. Reed, seconded by Mr. McKone. Motion carried.

Status of SCADA Contract for Well #4 Reservoir Project – Ms. Rose advised this is still in progress. Attorney comments have been received and are being incorporated.

Ms. Rose reported that Exhibit K has been updated to reflect all relevant engineering costs prior to start of construction. Backup has been compiled for all of these charges and has been submitted to Darla (USDA). The Exhibit K is ready for signature by Sallal and the executed document will be sent to Darla (USDA).

EXECUTIVE SESSION:

An Executive Session was called by the President Baker to review legal matters with counsel at 9:29 pm and exited 11:15 pm. The regular session of the meeting resumed.

MOTION TO ADJOURN:

Motion to adjourn meeting was made by Mr. O'Brien and seconded by Mr. McKone at 11:15 pm. Motion carried.

Submitted by: Ann Reed, Board of Trustees Secretary

