

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

The regularly scheduled meeting of the Board of Trustees of the Sallal Water Association was called to order on Tuesday, March 16, 2021 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; Kevin Aguilar Engineer; Mike Johnson, G&O President

Employees present: Nikka Rose, Manager; Denny Scott, Water Superintendent; Tree Bergman, Water Operator

Guests present: Mike Kenyon from Wilderness Rim

GUEST COMMENTS: Mr. Kenyon requested a definition of a wholesale water rate, a copy of Sallal's last wholesale rate determination, and a copy of a signed contract that provides Wilderness Rime with annual water use of 5,390,000 CF. He questioned what happens to the water that wasn't used but was paid for (2 million CF in 2020). He stated that Wilderness Rime has not been reimbursed for water provided to the Starbow properties in 2019 and 2020 at the following addresses: 17128 423rd Ave SE; 17230 423rd Ave; 42311 SE 173rd St, 1720 125th Ave SE, and 1728 125th Ave SE. Mr. Costello explained that the 5 million CF amount was the amount that applied before a higher CCF rate would be triggered. Mr. O'Brien stated that the Board will review the history and Sallal will respond to the requests and questions raised by Mr. Kenyon.

CONSENT AGENDA:

MOTION NO 2021-22: Motion to approve the amended copies of the February Board Minutes and the March Work Study Minutes was made by Mr. Costello and seconded by Mr. Formisano. Motion carried.

Mr. Costello asked about the G&O billing containing additional charges on the Well 4/reservoir project and the extent of billings in relation to the percentage of project completion. Mr. Perkins explained the increased costs represented work with Ms. Rose which was beyond the scope of the contract and that engineering billings will more closely approximate the level of project completion in the next few months. Mr. Costello asked about the status of the water transfer analysis with North Bend. Mr. Perkins stated that task 2 is proceeding and should be ready for review by April 1.

MOTION NO 2021-22: Motion to accept payment of Jonson & Jonson for \$6,980.00, Gray & Osborne for \$25,092.48, and Akana \$1,600.17 was made by Mr. O'Brien, and seconded by Ms. Hibma. Motion carried.

MOTION NO 2021-23 Motion to approve the Helsell Fetterman payment for \$1,225.44 was made by Ms. Hibma, and seconded by Mr. McKone. Motion carried with one abstention.

REPORTS:

Member Advisory Committee Report Mr. Formisano reported on the last meeting and added that Elmer Sams was on the only MAC member attendee. Ms. Rose discussed ideas regarding member outreach and information about new options for online account management and bill payment.

MOTION NO 2021-24 Motion to approve MAC minutes was made by Mr. Costello, and seconded by Mr. O'Brien. Motion carried.

Conservation Committee Report No report.

Treasurer's Report Ms. Hibma reported that the bookkeeper is working on closing out 2020, and will have a budget comparison and a first quarter report for review at the next regular Board meeting. She stated that past due accounts have decreased to approximately \$84,000. Collection letters have not been sent out recently due to the new billing

system finalization. Staff issued leak relief adjustments per policy were discussed. Mr. Jonson reported that the Governor's moratorium on late fees and water shut offs is still in effect.

Engineer's Report Mr. Perkins introduced Kevin Aguilar as his successor and Mike Johnson, G&O's president and back up for engineering services. He stated that he is retiring shortly but will be available for questions. He reported on the status of the Well 4/Reservoir project and noted that PSE has delayed delivery of a replacement transformer until easement or permit arrangements can be confirmed by SPU. He stated that all three wells cannot not be run at the same time if the transformer is not replaced.

Mr. Perkins presented the PCI #5 pay application for \$68,202.22, less \$2,479.15 retainage, for a net payment of \$65,723.07. Mr. Costello questioned the Materials on Hand billing amount as having inadequate documentation to justify payment. He also inquired about insurance coverage for products that have not been delivered to the site. Discussion followed and engineer Johnson stated that the photos provided indicated reasonable proof. Mr. Costello questioned suitability of the photos since there are no identifying markings, serial numbers, or visible information that confirms location of the material, or correlates the items in the pictures with the Sallal project and material associated with the invoice. Mr. Jonson stated that builders all risk coverage would normally insure property damage and loss aspects of a project prior to completion, but also clarified that since he has not seen any insurance certificates that he is unable to provide guidance on whether appropriate insurance has been provided or not.

MOTION NO 2021-25 Motion to approve PCI #5 pay application for \$68,202.22 less \$2,479.15 retainage for a payment of \$65,723.07 was made by Mr. O'Brien, seconded by Ms. Reed. Motion carried, with Mr. Costello voting no.

Mr. Costello renewed his objection concerning PCI's failure to produce a schedule that conforms to the contract. The notice to PCI sent on March 4, 2021 was responded to by PCI on March 5, 2021 with another version of the schedule that is still non-conforming. Mr. Perkins clarified that the March 5th schedule is the official response from PCI. Discussion continued. Mr. Jonson suggested that a follow up letter be drafted to PCI. Mr. Perkins will draft a letter stating that the schedule does not meet the contract dates and will send a draft of the letter to the Board for approval.

Mr. Perkins presented a proposal for engineering services for preparing new analysis and specifications for a new generator at Rattlesnake. Mr. Costello commented on the timeline for the work and noted that installation may not occur until October. Discussion followed concerning the timing of installation and impacts on operations at Rattlesnake. Mr. Costello advised that the design must also conform with the criteria document provided by Sallal on February 25, 2021. Mr. Perkins clarified that testing of the Well #4/Reservoir work by PCI will utilize the temporary generator to verify functionality of the ATS and associated SCADA controls since the new generator will not be installed in time to coordinate with the PCI schedule. The pre-design report will clarify details of this approach. Mr. Bergman advised that connection of the temporary generator will need to be revised in order to facilitate this manner of testing.

MOTION NO 2021-25 Motion to approve G&O Engineering Service for new Generator Design in the amount of \$49,374 was made by Mr. McKone, seconded by Mr. Formisano. Motion carried.

Mr. Perkins presented a proposal for construction support engineering services with regard to the Office Project. Discussion followed and a revised proposal will be sent for approval via email to address the gate submittal, support from the geotechnical engineer, and support from the landscape architect.

Mr. Costello inquired about the status of change order requests on the Well 4/Reservoir project that have not yet been documented in actual change orders. These issues have not been addressed in the manner and time as required by the contract. Mr. Perkins reviewed the various changes and stated that prices have not yet been confirmed for all items. He stated that a change order will be prepared and submitted for Board review and approval.

Attorney Report No report.

Business Manager Report Ms. Rose reported on the bookkeeping and audit progress, IT services, and other items (See DropBox report). She stated that the SCADA system is no longer connected to computers with internet access. Services provided by Systems Interface and Nerds to Go were discussed. Ms. Reed defined the responsibilities of each service

provided and recommended certificated technicians only be allowed to provide services to the network, servers, and work stations. Mr. Costello inquired on status of the property tax valuation for the Edgewick property. Since the mobile home was removed in June 2020, the taxable valuation should be reduced accordingly. Mr. Jonson clarified that the tanks and pump building should also be exempted from taxation. Nikka will investigate this and take appropriate action.

Superintendent Report Mr. Scott reported on water system operations and water quality testing (See DropBox report). He also addressed Mr. Kenyon's concerns regarding chlorine levels and noted that Sallal maintained the levels within DOH guidelines. He added that he previously discussed chlorine levels with Wilderness Rim's water operator with no complaint. Mr. Jonson reported that the original joint facilities and intertie contract between Sallal and Wilderness Rim granted Sallal the authority to set and adjust a wholesale rate for water. Mr. Costello inquired on status of coordinating the SI SCADA work with the PCI Well #4/Reservoir work. Mr. Scott advised that SI sent their testing plan and schedule to G&O for coordination with PCI. Mr. Costello also inquired on status of the G&O Operational Control memo that needs revision to clarify pump operation on the generator. Mr. Perkins advised that a revised memo was provided to SI in February – Mr. Perkins will send a copy to Mr. Costello.

UNFINISHED BUSINESS:

Mr. Formisano provided an update on the 2001 Water Right Application project. Sallal's team met with SPU concerning the information gathered from Aspect's hydro-geology assessment and discussed possible approaches to utilizing seepage from the Masonry Pool. The next step in the permitting process is present a conceptual mitigation plan approach to DOE. The team will meet again on Thursday. He stated that Cadman is also moving forward with an application for a ground water withdrawal permit for 30 years of gravel washing. He stated that Adam Gravely, with Van Ness Feldman, completed the first phase of his work for Sallal and he has submitted his proposal for the next phase of permitting. Discussion followed.

MOTION NO 2021-25 Motion to approve the Van Ness Feldman legal services proposal in an amount not to exceed \$25,000 for March to June, 2021 for the next phase of the water permit efforts was made by Mr. Formisano, and seconded by Mr. Costello. Motion approved.

Mike Kenyon left the meeting.

NEW BUSINESS:

PCI Payment Ratification. Ms. Baker requested a vote on ratification of a previously circulated email proposal approving pay application no. 4 to PCI to include change order no. 3.

MOTION NO 2021-26 Motion to approve to ratify the revised PCI payment application #4 was made by Ms. Reed, and seconded by Ms. Hibma. Mr. Costello submitted the following letter as discussion prior to the vote:

- LET THE RECORD REFLECT: As I advised on February 24, 2021, the Change Order #3 that has been co-mingled with the Pay Application does not conform with the contract. No backup was provided to justify the contractor's claim for an extension of the contract dates.*
- *Further, the contractor's own schedule representations indicate that no schedule delay is possible since the work involving Change Order #3 has 38 days float.*
 - *In fact, the work associated with Change Order #3 was finished 7 days ahead of that schedule in spite of the rock obstruction which is the subject of Change Order #3. For these reasons I retracted my approval of Change Order #3 previously made on February 16, 2021.*
 - *Further, the representation that the Change Order #3 had been signed by all parties as of the work study on March 2, 2021 was false. The Change Order was not signed by Sallal until March 3, 2021 and the signature date of RD is unknown by any records reviewed by the board.*
 - *For these reasons I voted against approval of this revised pay application #4 and will renew that objection by voting against ratification.*

Motion carried with Mr. Costello voting no.

Akana Contract Change Request

A proposal to add to construction management services for the headquarters project was presented and discussed. **MOTION NO 2021-26** Motion to approve the Akana Change Order for \$85,535.23 for additional construction management services on the headquarters project, was made by Mr. Costello, and seconded by Mr. Formisano. Motion carried.

401(K) changes

Ms. Rose reported on a potential change in the 401K plan so that it would fall within IRS safe harbor rules. Staff was requested to provide additional information before any action will be taken on this matter.

Wilderness Rim Contract Renewal – This matter will be taken up during the April 2, 2021 Work Study.

DOH DWSRF

DOH Drinking Water State Revolving Fund financing options was presented by Mr. Formisano as an opportunity to fund projects that could be planned in the future. There are also grant opportunities available for feasibility studies. Discussion followed.

Newsletter Challenge with the New Billing System – This matter will be deferred.

ITEMS TO TRACK: North Bend

Ms. Baker reported that North Bend invited Sallal management and counsel to a meeting on March 30 at 1:00pm. Agenda has been circulated via email.

Mr. Perkins, Mr. Aguilar, and Mr. Johnson left the meeting.

EXECUTIVE SESSION:

An Executive Session was called by the President Baker to review matters with counsel at 9:27 pm and exited at 9:54 pm. The regular session of the meeting resumed.

MOTION TO ADJOURN:

Motion to adjourn meeting was made by Ms. Hibma and seconded by Mr. McKone at 9:54 pm. Motion carried.

Submitted by: Ann Reed, Board of Trustees Secretary