

**Sallal Water Association
Board of Trustees
Minutes of Tuesday, May 18, 2021 Meeting**

The regularly scheduled meeting of the Board of Trustees of the Sallal Water Association was called to order on Tuesday, May 18, 2021 at 6:02 pm by Mr. McKone. This meeting was held online using Zoom due to the COVID-19 outbreak.

Board members present: Shawn McKone, Daylin Baker, Ann Reed, Joyce Hibma, Larry Costello, Eric O'Brien, and Rich Formisano

Consultants present: Richard Jonson, Attorney; Kevin Aguilar, Engineer; Mike Johnson, G&O President; Ashley Emery, Peninsula Financial Consulting

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

Guests present: Mike Kenyon, Wilderness Rim

VISITOR COMMENTS: Mike Kenyon deferred comments until later in the agenda.

CONSENT AGENDA:

The minutes as presented were reviewed and edited.

MOTION NO 2021-38: Motion to approve the April 20 Board meeting minutes and the May work study meeting minutes, as amended by Mr. Costello and Mr. O'Brien and billing statements: Jonson & Jonson -- \$9,972.00; Gray & Osborne – \$34,886.62; Helsell Fetterman \$595.00; Van Ness Feldman \$1,534.50; Akana \$10,657.55; Lawhead \$1,265.00 was made by Ms. Baker and seconded by Mr. O'Brien. Motion carried.

Mr. Costello stated that prior balances in the billings were previously approved. Ms. Rose reported that prior balances have been paid and reporting of amounts due will be corrected. Mr. Costello also inquired on status of corrections to G&O charges for Well #4/Reservoir that were inadvertently charged to General Engineering. Ms. Rose advised that G&O is making corrections that will appear on the next monthly invoice.

Motion carried.

REPORTS:

Special Report: Wilderness Rim - Ashley Emery summarized his draft report posted to DropBox. He stated that the report is a work in process and a guide for the Board to discuss before making a decision on the WR wholesale rate. He described the difference between a cost of service rate and a wholesale rate. He reviewed aspects of charging WR for specific amounts of water usage versus charging for a fixed block of water. He noted that the problem with a usage rate is that Sallal's costs are almost entire fixed and Sallal must maintain sufficient capacity to serve the homes in WR regardless of their water usage. Lengthy discussion followed. Mr. Kenyon stated that Sallal and WR are not working together to determine rates and disagrees with Mr. Emery's analysis. He also stated that the monthly costs to WR have increased around \$3,000 since 2017. Mr. Kenyon requested copies of chlorine and DOH reports. Staff will provide this information. Mr. McKone stated that the Board is still digesting the ideas that have been presented by Mr. Emery and that the board will the final detailed analysis with Mr. Kenyon after the Board has had further internal discussion. Mr. Kenyon forecasted the need for 4.1 million gallons of water usage in the next year.

Mr. Kenyon left the meeting.

Member Advisory Committee Report: Mr. Formisano stated that no meeting occurred this month – no report.

Conservation Committee Report: Mr. McKone reported that no meeting occurred this month - no report

Treasurer's Report: Ms. Hibma reported on draft balance sheet and profit and loss statements posted to DropBox. She stated that outstanding accounts receivable totals are continuing to decrease. She noted that leak relief issues have not been resolved with Cedar Landing and WoodRiver. Mr. Scott stated that there was no evidence of a leak occurring at

Cedar Landing. Ms. Rose inquired whether Sallal could deny requests to install additional meters at Cedar Landing until the situation is resolved. Discussion followed and Mr. Jonson will research the legal issues.

Ms. Rose stated the 2020 Audit is expected to start shortly. Mr. Costello requested information concerning the capital budget and Ms. Rose responded that she is working on this. Ms. Hibma will look into historic costs for capital budget projections.

Engineering Report: Mr. Aguilar reported that piping is complete at Rattlesnake, construction of the retaining well is in progress, and electrical work starts next week.

PCI Progress Payment No. 7. Mr. Aguilar stated that PCI Progress Payment #7 (\$462,483.07 less \$21,779.35 retainage for a payment of \$440,703.72) has been submitted and recommended for approval. Mr. Costello stated that pursuant to the contract documents, a testing plan needs to be in place before 60% payment of the total contract is made. This pay request would bring total payments to 73% yet the testing plan has still not been provided. He therefore objected to this payment request. Mr. Jonson reviewed payment and offset issues and recommend legal review before the Board makes a decision whether to approve payment or apply an offset. Discussion followed. Mr. Jonson will review the contract documents and provide an analysis by email. The Board will review and issue a decision via email.

PCI Change orders:

#4 for retaining wall. This change order was recommended for approval by G&O and no objections were noted.

MOTION NO 2021-39: Motion to approve Change Order #4 as presented was made by Ms. Baker, and seconded by Mr. Costello. Motion carried.

#5 adding 35 days for PCI schedule due to COVID issues and Minor Changes. This change order was recommended for approval by G-O and Mr. Costello objected to the addition of time on the basis that no backup was provided to support the time extension nor was the change notice timely as required by the contract terms. Mike Johnson stated that the change order contains a firm date for project completion. Mr. Costello inquired on status of the project schedule and G&O confirmed that a conforming baseline project schedule has yet to be received from the contractor as discussed in prior months and as required by the contract terms. Discussion followed.

MOTION NO 2021-40: Motion to approve Change Order #5 as presented was made by Ms. Baker, and seconded by Ms. Reed. Nay votes: Mr. Costello and Mr. Formisano as to the addition of time. Motion carried.

#6 change for location of tank inlet pipe

This change order was recommended for approval by G&O and Mike Johnson stated that G-O will reduce its billing by \$3,500 to compensate for a design omission. No objections to this change order were noted although it was noted that PCI has not signed it.

MOTION NO 2021-41: Motion to approve Change Order #6 as presented as soon as PCI signs was made by Mr. O'Brien and seconded by Ms. Baker. Motion carried.

Emergency Generator Predesign. Mr. Aguilar summarized the G&O predesign report posted to DropBox. Discussion followed.

MOTION NO 2021-42: Motion to approve preparation of specifications for purchase and installation of an emergency generator at Rattlesnake as recommended by G&O was made by Mr. O'Brien and seconded by Ms. Baker. Motion carried.

Capacity Analysis for National Guard. Mike Johnson summarized a G&O proposal for engineering services posted to DropBox. Mr. O'Brien stated that this study will be used as support for a future NB/Sallal water supply agreement. Discussion followed. G&O clarified that the study is based on the presumption that the water supply for the National Guard facility will be sourced from North Bend (Centennial Well) rather than Sallal's Rattlesnake wells.

MOTION NO 2021-43: Motion to approve the Capacity Analysis for the National Guard as presented was made by Ms. Baker, seconded by Mr. O'Brien.

Attorney Report: No report RD form for Attorney confirmation was executed in September 2020 – Mr. Costello will forward the signed version of that form if Ms. Rose is unable to locate it.

Business Manager Report:

Ms. Rose highlighted in items in her report in DropBox and added that notice to proceed has been issued on the headquarters project.

Operations Report: Mr. Scott summarized highlights in his report posted to DropBox. He stated that Red Bird is selling a parcel to Suzuki that has two meters. After the purchase, Suzuki will apply for a CWA to confirm the existing level of service. The meters and requisite number of ERU's based on meter size will be specified in an informational letter.

UNFINISHED BUSINESS:

436th North Bend roundabout bids Mr. Scott recommended that the Tucci bid should be awarded but will confirm that 12" pipe was considered in the bid. Mr. Scott will follow up on corrections and updates on the proposal and Board approval will be solicited by email.

Akana Amendment #3 for landscaping and Geotech

MOTION NO 2021-44: Motion to approve the Akana Amendment #3 as presented was made by Mr. Costello and seconded by Mr. O'Brien. Motion passed.

2001 Water right application—Phase 3 Mr. Formisano reported on the status of discussions with the Dept. of Ecology and consultants. Aspect's Phase 3 proposal as posted to Dropbox was reviewed and discussed.

MOTION NO 2021-45: Motion to approve Task 1 of Aspect's Phase 3 proposal and conditionally approve Task 2 subject to Board review and approval of the results of Task 1, was made by Ms. Baker and seconded by Mr. Costello. Motion passed.

NEW BUSINESS:

CWA Tanner Mr. Scott reported that requested service to a new electrical facilities site is just for irrigation at this time. Mr. Scott will verify why a 1-inch meter is needed.

MOTION NO 2021-46: Motion to approve issuance of a CWA to Tanner's new electrical facilities site for 1 ERU (5/8" meter) was made by Ms. Baker and seconded by Ms. Hibma. Motion passed.

Remaining agenda items under New Business were deferred for a subsequent meeting.

Mr. Augilar and Mr. Johnson left the meeting at 9:30 pm.

EXECUTIVE SESSION

Mr. McKone called the Board into Executive Session at 9:30 pm to discuss a wholesale water rate with Mr. Emery. Mr. Emery left the meeting at 10:34 pm. The executive session continued to discuss legal issues with counsel. Ms. Rose and Mr. Scott left the meeting at 10:48pm. Mr. Jonson left at 10:51 pm. The executive session concluded at 11:07 pm and the regular session of the meeting resumed.

MOTION TO ADJOURN: Motion to adjourn meeting was made by Ms. Baker, seconded by Mr. Formisano at 11:08 pm. Motion carried.

Submitted by: Ann Reed, Board of Trustees Secretary