

**Sallal Water Association
Board of Trustees Meeting
Minutes of Tuesday, July 20, 2021**

The regularly scheduled meeting of the Board of Trustees of the Sallal Water Association was called to order on Tuesday, July 20, 2021, at 6:01 pm by Mr. McKone at the Sallal Office.

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: Denny Scott, Water Superintendent; Tree Bergman, Water Operator; Lisa Hagen, Utility Customer Administrator

Guests present: Mike Kenyon from Wilderness Rim joined at 6:26 pm.

VISITOR COMMENTS: Mr. Kenyon requested water usage information on the Starbow properties. Ms. Hagen will send the information to Mr. Kenyon by end of July. He also requested information regarding the process for determining the revised water rates for Wilderness Rim. Mr. McKone stated that information will be provided once the analysis is complete, and may be delayed so that the Association's new manager can have input.

CONSENT AGENDA: The minutes of the June 15, 2021 regular Board meeting and the July 6, 2021 work study session and recent consultant billing statements were presented in Dropbox and reviewed.

MOTION NO 2021-57: Motion was made by Ms. Baker and seconded by Ms. Hibma to approve the June 15, 2021 Board meeting minutes as amended, the July 6, 2021 Work Study meeting minutes as amended, and the following billing statements: Jonson & Jonson - \$7,150.00, Gray & Osborne – \$21,403.46, Akana - \$40,318.53, Lawhead \$12,762.00, Peninsula Financial Consulting - \$543.75 + June's invoice of \$5,147.50, Aspect \$1,929.50 + 7,578.75. Motion carried.

Mr. Costello inquired about correction of G-O billing allocations previously noted. This matter will be reviewed with Sallal staff and G&O after the board meeting.

REPORTS:

Member Advisory Committee Report: Mr. Formisano stated that 7/13/2021 meeting was cancelled – no report.

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

Treasurer's Report: Ms. Hibma reported on documents included DropBox: balance sheets and profit and loss reports. Wood River was informed that leak relief was granted, which was a change to the previous board meeting decision. Leak relief in the amount of \$1,600 was granted; however, there is still an outstanding balance of \$4,000 yet to be paid. The audit has begun and is required to be complete by September.

Engineering Report:

Emergency Generator Procurement Package: Mr. Aguilar reported on revisions to the procurement specifications. Mr. Jonson will need to review the contract provisions and the board will provide comments overall. Wage Rates and Prevailing Wage will not apply to the procurement specification. Development of the installation specification has not yet started, but is anticipated will be complete within the next two months and will be developed to coordinate with the anticipated delivery of the generator. Mr. Formisano asked about training for the staff and discussion followed. The bid package lists four potential vendors and will be sent out next month.

Task #2 Memo: Mr. Johnson discussed an updated G-O memo that analyzed Salol's capability of providing mitigation water to North Bend. Mr. Costello advised that the analysis was informative regarding concerns about providing mitigation water to North Bend while simultaneously needing to meet Sallal's member demand. Mr. Costello pointed out that although the study did not assess the impact of the combined demand of Sallal and North Bend in conjunction

with the availability of mitigation water from Hobo Springs, the conclusions were sufficient to forego further analysis at this time. He also noted that due to the high variability and uncertainty in predicting availability of Hobo Springs' mitigation water that Sallal may need to provide mitigation water from November to March as Hobo Springs is historically lowest during this time period and the instream flows are below minimum levels 30% of the time during this period. Discussion followed.

PCI Request for Substantial Completion: Mike Johnson reported PCI has submitted a substantial completion request. He stated that PCI is close to completion of the reservoir and well project but they have not met the requirements for substantial completion in accordance with the contract. PCI has not yet addressed the leak repair on the reservoir, security fencing, and commissioning. SCADA is not complete. Mr. Costello also advised that the process for requesting substantial completion was not correctly followed including development of a final punch list. Mr. Johnson recommended that Sallal hold off on granting substantial completion until all of the work is complete. The Board concurred and G-O will send a response to PCI advising that their request for substantial completion is denied and will outline what is needed. Mr. Scott noted that Well 4 has been pumping water since July 16 which was the start date of the 15 day commissioning period. Once commissioning is complete, partial acceptance of the Well #4 pump can be considered as allowed by the contract.

PCI Progress Payment #9: PCI #9 was presented for payment. Mr. Aguilar stated that G-O recommends approval. Mr. Scott stated that a change order has been requested for extra drainage work and Sallal is waiting on the cost estimate. Mr. Costello advised that the contract limits the maximum payment at Substantial Completion to be 95% of the total contract less 100% of the value of the punch list work. Pay application #9 represents 94% of the contract. It was generally agreed that the 1% balance together with the retainage was sufficient security for any remaining work associated with the punch list.

MOTION NO 2021-58: Motion made by Ms. Baker to approve PCI Progress Payment #9, seconded by Mr. Costello. Motion carried.

New Office Pay Estimate #1: Mr. Costello reported that this represents 14% of the project funding and Akana has recommended approval of the pay estimate.

MOTION NO 2021-59: Motion to approve Pay Estimate #1 for \$658,964.22 less \$60,622.28 retainage for a total payment of \$598,341.93 was made by Mr. Costello, seconded by Ms. Baker. Motion carried

National Guard Capacity Memo: Mike Johnson presented a G & O study finding that Sallal has the physical infrastructure to serve the National Guard project. He noted that the Tanner booster station is able to supply the fire flow and potable service for the proposed project and the piping system is adequate. If additional development surrounding the project occurs, then a new reservoir will be needed. He stated that North Bend would need a booster station and a reservoir to provide water to the NG facility. Mr. Costello emphasized that the conclusions are based on the assumption that North Bend provides the water supply for the NG facility, which could be complicated during periods requiring mitigation. Ms. Baker will coordinate with Mr. McKone and Mr. Costello to prepare a summary of these conclusions to be shared with North Bend. Mr. Johnson left the meeting at 7:18 pm.

Attorney Report: Mr. Jonson reported on the status of the King County franchise fee litigation. A summary judgment motion is scheduled for 10:30am on Friday of this week that may resolve some issues. Mr. Jonson will send an electronic conference link to the event.

Operations Report: Mr. Scott summarized highlights in his report posted to DropBox. Mr. Bergman reported that the SCADA system is much improved including the revised lead/lag operation for rotating all three wells. Testing is working like it should. Operations staff are now able to operate the pumps manually from the office via SCADA (in addition to local manual control). Mr. Bergman verified that the revised SCADA graphics were verified during the operational testing. Mr. Costello inquired on status of the Master Testing Log for the Well 4/Reservoir project, which G & O advised is still being put together by PCI – it will be issued as a submittal. G&O is also working to provide responses to a number of comments from Mr. Costello regarding the testing that has been conducted. G&O is also still working on a proposed solution to install surge protection on the line side of the ATS as was required per RFIs 12 and 15 but that was overlooked by PCI.

Mr. Scott reported that the fire last weekend did not adversely affect the system for supply or pressure. He noted that the roundabout water main project on 436th is complete. Some conduit had to be moved by hand, which may result in an additional billing from the contractor.

The berm and wall at the shop site was discussed – two DRAFT change orders have been submitted by the contractor for consideration. A change order may also be forthcoming regarding requirement by Tanner to provide sand bedding for the conduit path. Site work is in progress. Ms. Reed and Mr. Bergman will coordinate with the office design team (Siri of Hultz-Bhu) regarding interface with Comcast for the data service to the new office.

UNFINISHED BUSINESS:

Rules and Regulations: Ms. Hagen sent the draft Rules and Regulations to Mr. Scott and Mr. Bergman. She noted that the fee schedule does not address a meter drop separate from a full installation. Therefore Rule 23 should be removed. More work is needed for Rule 41 and the CWA application process. Rule 33 needs to reference the rate schedule, and the rate schedule will need to address the fee. Rule 42 needs a deadline for reporting leaks. Ninety days is a suggested limit. Mr. McKone stated all suggestions will be reviewed and suggested edits to the rules will be circulated.

Cedar Landing Leak Relief: Ms. Hagen stated that no documentation has been provided by TriPoint or the HOA regarding an alleged leak. Discussion followed and the Board questioned whether Sallal could withhold delivery of additional meters based on TriPoint's failure to pay the outstanding water bill. Ms. Hagen will provide notification that includes deadlines for payment which Mr. Jonson will review.

MOTION NO 2021-59: Motion made by Mr. O'Brien to notify TriPoint to provide documentation of their leak within 21 calendar days, seconded by Ms. Hibma. Motion carried.

2 SPU Water Right Applications with EKRWA: Mr. Formisano reported on the meeting with Ecology regarding the SPU/EKRWA joint water right applications. He noted that the EKRWA will be scheduling a meeting, date to be determined as early as September, to determine member interest in pursuing the applications. SPU is taking the lead in this effort and will contribute \$80,000 towards the costs and is asking the EKRWA members to pay an additional \$80,000. A successful application would enhance stream flows between North Bend and Carnation. The board will further evaluate this matter during an upcoming Work Study.

2001 Water Right Application – The DRAFT CMP from Aspect was generally OK with a couple of suggested edits including addition of the Table and Figures. Mr. Formisano will coordinate with Aspect to ensure the CMP deliverable is transmitted to DOE in time for the July 31, 2021 deadline.

Work Study Meeting Minutes – Minutes will be posted to the Sallal website.

NEW BUSINESS:

Capital Reserves Investment Plan: Ms. Baker presented an investment plan in DropBox. Mr. Costello noted that project funding via an RDA loan can be used for some of the future capital improvement projects such as Rattlesnake Reservoir #3. Katy Isaksen is working on the final phase of the rate study to review the General Facility Charge connection fees– deliverable date TBD.

MOTION NO 2021-60: Motion to authorize Ms. Baker to invest the capital reserves as posted in DropBox was made by Ms. Baker, seconded by Mr. Costello. Motion carried.

Croft CWA application: After discussion, the Board concurred that building plans for the proposed accessory dwelling unit need to be clarified, but once done Mr. Scott may approve.

Ichijo DEA: Mr. Scott recommended issuance of a standard developer extension agreement for the Ichijo project which consists of 40 ERUs.

MOTION NO 2021-61: Motion to approve the Ichijo USA Co. Ltd. DEA was made by Ms. Baker, and seconded by Mr. Formisano. Motion carried.

Mike Kenyon, Tree Bergman, Denny Scott, Lisa Hagen, and Kevin Aguilar left the meeting at 9:10 pm.

EXECUTIVE SESSION:

Mr. McKone called the Board into Executive Session at 9:12 pm to discuss legal issues. Mr. Emery left the meeting at 9:54 pm. Mr. McKone closed the executive session and returned to regular session at 10:49 pm.

MOTION TO ADJOURN: Motion to adjourn meeting at 10:49pm was made by Mr. O'Brien, seconded by Ms. Baker. Motion carried.

Submitted by: Ann Reed, Board of Trustees Secretary