

**Sallal Water Association
Work Study Meeting
Minutes of Tuesday, May 4, 2021**

The May Work Study meeting of the Board of Trustees of Sallal Water Association was called to order on Tuesday, May 4, 2021 at 6:03 pm by Mr. McKone. This meeting was held online using Zoom due to the COVID-19 outbreak.

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

Staff present: Denny Scott, Nikka Rose joined at 7:28 pm.

Consultants present: Richard Jonson, Attorney; Mike Johnson and Kevin Agular, G&O

1. North Bend Topics:

- *Wholesale Pricing Analysis* Mr. Costello reviewed the G-O January, 2018 report that proposed North Bend selling to Sallal at a higher rate (0.57/unit) than Sallal selling to North Bend (0.47/unit). Mr. Costello pointed to his analysis (posted to Dropbox) utilizing the Wilderness Rim formula and arriving at \$1.57/unit for sales by Sallal. He noted increased costs associated with water production than the cost amounts used in 2018. He recommended a buy back or credit option if mitigation water is not needed in a particular year, and added that the cost of water should be re-negotiated if Hobo Springs is no longer used by North Bend. Discussion followed
- *Task 2 of Connection Study* Mr. Johnson reported on the G-O Task 2 Connection Study posted to Dropbox. Discussion followed. The Board requested information regarding the amount of water that Sallal will need to supply during peak demand, for stand-by storage and DOE mitigation requirements based on anticipated growth. Ms. Baker reported that North Bend needs to have back-up mitigation if Sallal is unable to supply the amount needed. Discussion followed concerning the feasibility of storing mitigation water with Mr. Johnson stating that it was not feasible to do so. Mr. Formisano suggested looking at North Bend's past records to determine mitigation needs in terms of timing and amounts. The Board directed G&O to refine the Phase 2 report based on the discussion.
- *Franchise agreement discussions* Ms. Baker reported North Bend will provide an update of a draft franchise agreement and respond to Sallal's edits on the conservation and water usage data code provisions.

2. Rattlesnake Replacement Generator Predesign:

Mr. Agular reported on the G&O Emergency Generator Predesign Memo posted to DropBox. The conclusion was the 275 KW generator has the capacity to run all three wells simultaneously. Discussion followed. The Board directed G&O to move forward with preparation of the 275KW generator procurement specifications including SCADA programming and a 5 day fuel tank installation for review at the June Board meeting.

3. Fire Flow Analysis Draft:

Mr. Agular discussed the Fire Flow Analysis Draft in DropBox for the purpose of offsetting the King County Right-of-Way Rental Fees. Mr. Jonson reported that a final report will likely be needed in August in connection with the pending litigation.

4. 2001 Water Rights Application:

Mr. Formisano reported on meetings with water rights consultants and DOE and stated that it is necessary for Sallal to request an extension for the temporary permit application timeline. Possible options to obtain SPU water were discussed. A draft letter requesting the extension posted to DropBox was discussed.

MOTION NO2021-37 Motion to request an extension of the timeline of the temporary permit issued by DOE in connection with Sallal's 2001 water right application was made by Mr. Formisano, and seconded by Mr. Costello. Mr. McKone recused himself, and requested that Ms. Baker sign the request. Discussion followed and Ms. Baker stated that Aspect should have known that a separate water right application would be needed for SPU supply options. Motion carried with Mr. McKone abstaining.

Motion to adjourn at 8:45 was made by Ms. Baker, seconded by Mr. O'Brien. Motion carried.

Submitted by: Ann Reed, Board of Trustees Secretary