

**Sallal Water Association  
Board of Trustees Meeting  
Minutes of Tuesday, August 17, 2021**

The regularly scheduled meeting of the Board of Trustees of the Sallal Water Association was called to order on Tuesday, August 17, 2021, at 6:00 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:** Kristina Parker, Business Manager; Denny Scott, Water Superintendent; Tree Bergman, Water Operator; Lisa Hagen, Utility Customer Administrator

**Guests present:** Michael Thomas

**VISTOR COMMENTS** Mr. Thomas inquired about the status of the River Run project and whether the Board has tightened up procedure for issuing certificates of availability. He expressed concern about loss of service area and inquired about the status of for the Association's search for additional water rights. Mr. Thomas has additional ideas concerning obtaining water from SPU that he will send to the board for consideration. Discussion followed and Mr. McKone and Mr. Formisano responded to the questions.

**CONSENT AGENDA**

**MOTION NO 2021-62:** Motion to approve the July 20, 2021 minutes as amended, the Work Study minutes for August 3, 2021, and the consultant statements (Jonson & Jonson - \$12,114.00; Gray & Osborne – \$22,368.55; Van ness Feldman - \$445.50; Helsell Fetterman - \$5,665.24; Lawhead - \$19,043.00; Akana - \$34,166.14) was made by Ms. Baker and seconded by Ms. Hibma. Motion carried.

**REPORTS**

**Member Advisory Committee** Mr. McKone reported that the 8/10/21 meeting was cancelled.

**Conservation Committee** Mr. Formisano reported on the WaterSense Program sponsored by the EPA (which was previously recommended to the board by Ms. Hibma several times) and recommended that Sallal join the program as a "promotional partner" to assist in achieving the Association's water conservation goals. He stated that there is no cost to join and participants must submit an annual report on conversation efforts. Resources are made available online to support local efforts for households and businesses. Ms. Parker will look into the program and report back to the Board.

**Treasurer's Report** Ms. Hibma reported on financial reports posted to Dropbox. Ms. Parker will be delivering the reports starting next meeting.

**MOTION NO 2021-63:** Motion to add Kristina Parker to bank accounts was made by Mr. Costello and seconded by Ms. Baker. Motion carried.

Ms. Parker stated that the auditor has commenced the 2020 audit. Mr. Costello asked if the real estate holdings are shown fully on the Association's financial statements – as noted previously, only the Edgewick property is listed on the Balance Sheet and annual audit reports but Sallal owns real property in multiple other locations. Ms. Parker will follow up. Denny has been working to compile a listing of all real property owned by Sallal.

**Engineering Report** Mr. Aguilar presented revised generator procurement specifications posted to dropbox and stated they are ready to go out to bid. Discussion followed. Mr. Costello expressed concern about how the vendors will respond to sizing the generator but did not object to issuance. **MOTION NO 2021-64:** Motion to approve solicitation of proposals from vendors based on the generator specifications as presented was made by Ms. Baker and seconded by Mr. O'Brien. Motion carried.

**PCI Request for Substantial Completion.** An undated letter from PCI to Kevin Aguilar requesting substantial completion on the Well 4/reservoir project posted to Dropbox was discussed. Mr. Aguilar stated that G-O was prepared to recommend approval. Mr. Costello provided information that several tests have not yet been completed, including verification of the electrical protective devices on their prescribed settings. Mr. Bergman stated that Sallal will require retesting of the protective devices on their prescribed settings under maximum load conditions. Mr. Costello expressed several other instances of the contractor's failure to meet contract specifications. Also unresolved is the requirement for installation of surge suppression on the line side of the ATS – G&O will provide two concepts for Sallal review by August 20<sup>th</sup>. Mr. Bergman stated the reservoir is still leaking and reviewed current test results. Mr. Johnson stated that G-O would review Mr. Costello's comments, discuss the situation with Mr. Scott and Mr. Bergman, and follow up with a revised punch list of items that need to be completed in order for the project to obtain substantial completion status.

**PCI Change Orders (#14 and #15).** PCI requests for change orders nos. 14 and 15 as presented in Dropbox were reviewed. No. 14 is for two weeks of generator rental and fuel costs, and the second is for increases in electrical materials costs. No decision was made on no. 14 and the engineer will request additional documentation. G&O recommended denial of CO#15 and the Board concurred – G&O will send a rejection notice to PCI.

**PCI Progress Estimate #10.** PCI progress payment #10 was presented and recommended for approval by G&O. Mr. Costello recommended not to approve the pay estimate because the contract precludes payments that exceed 95% of the total contract price less the value of the punch list work prior to substantial completion. Mr. Johnson reviewed the contract provision and noted that 5% retainage was deducted from each payment and therefore, the 95% amount would not be exceeded. Discussion followed and the Mr. Johnson recommended that RDA be asked to provide an interpretation of the contract provision. G&O will also prepare a tabulation of the estimated cost for the punch list work.

**Baker Tank Update:** Mr. Scott reported that tests will continue weekly to determine if the leaks continue. Testing since August 3<sup>rd</sup> has not indicated any improvement in the leak rate – currently at 0.4" in a 24 hour period. If the leak rate does not improve, Mr. Johnson stated that a decision to implement repairs will need to be made by October 1 in order to avoid winter weather complications.. Discussion followed whether the tank could be put online at this time. Mr. Scott expressed concern with stagnant water in the tank and recommended that it be put online to achieve circulation. Whether or not on-line, the tank will stay full and won't affect leakage testing. Mr. Johnson reviewed the construction contract and stated that Section 15.04 authorizes facilities to be put to use prior to substantial completion. Mr. Johnson stated that G&O will inform PCI that the tank will be put online effective August 18<sup>th</sup> but remains ineligible for substantial completion at this time.

**Fire Flow Cost Study.** The Board concurred to review the study in detail during an upcoming work study meeting. G&O will have a separate discussion prior to the work study with Mr. Costello to address his comments.

**North Bend Connection – Task 3:** Mr. Johnson reviewed a G-O memorandum that analyzed three potential locations, facilities and costs of a potential North Bend connection. Discussion followed. Final review comments from Sallal are requested by August 31<sup>st</sup>, after which G&O will prepare a final version of the study for Sallal's record. Mr. Johnson inquired whether the three tasks should be bundled into one memo. After discussion, the Board concurred that it would be helpful to have the three separate Task reports combined into a single final document.

**Change Proposal for Well 4 Pump Blowdown Drainage** – Inquiries to other contractors to bid this work have not been successful. Mr. Scott is checking with one other possible contractor. Evaluation of the blowdown valve timing and sequencing of the lead/lag operation in order to minimize the amount of water discharged during startup of the Well 4 pump will be done by Mr. Scott and Mr. Bergman with input from G&O. It was confirmed that the water discharged is ahead of the primary flow meter and is not included in the withdrawal accounting. A final decision on the change proposal will be made once it is determined if an alternate bid can be obtained.

#### **New Office Project**

The project was reviewed and discussed. Foundation work is in progress and the radiant heating system has been installed.

**MOTION NO 2021-65:** Motion to approve New Office Pay Estimate #2 (**\$458,757.18 less \$42,203.97 retainage for total payment of \$416,553.21**) was made by Mr. Costello and seconded by Ms. Baker. Motion carried.

Mr. Bergman stated a small retaining wall is needed at the site and a cost estimate has been requested from the contractor. He expects the cost to be about \$30,000. G&O will present a drawing for the keystone wall.

**MOTION NO 2021-66:** Motion to approve a change order for a keystone retaining wall no more than \$35,000 (including contractor markup), to be negotiated by management, was made by Mr. O'Brien and seconded by Mr. Costello. Motion carried

**MOTION NO 2021-67:** Motion to approve change orders from Lawhead in the amount of \$3,920.00 and \$3,250.00 was made by Mr. Costello and seconded by Mr. O'Brien. Motion carried.

Draft CO1 (property line survey) and CO2 (site elevation) were withdrawn by Mr. Bergman as they are not yet signed by the contractor. These are zero cost, zero time change orders to address adjustment to site conditions discovered during excavation and grading.

Interior data/com wiring work was discussed and is covered in the construction contract. Ms. Reed will provide Ms. Parker with tech contacts for completing the network connections to owner provided owner installed (OPOI) equipment and request bids for the OPOI 48u rack. Ms. Reed is recommending the 48U rack be provided by Tripp Lite. Sallal will need to obtain services of an IT specialist to assist with final setup and connection of the new office network.

**Attorney Report** No report.

**Operations Report** Mr. Scott summarized his report in DropBox. He stated that Tucci Brothers work on the water main installation under the proposed new roundabout is complete. Billing for 90% of the

work has been submitted (although unsigned) and was recommended for payment by Mr. Scott and Mr. Bergman.

**MOTION NO 2021-67:** Motion to approve payment invoice as submitted by Tucci & Sons for 90% of project costs in the amount of \$70,983, subject to receipt of signed invoice, was made by Mr. O'Brien and seconded by Ms. Hibma. Motion carried.

Mr. Scott reviewed two member requests for installation of fire hydrants. One customer, Mr. McNaughton, offered to pay for the installation of the hydrant so that he could avoid installing sprinklers in his home. The member could use the Developer Extension Agreement as a process to formally apply. Mr. Scott will proceed with Mr. McNaughton in this manner. The other member, Hart, has hydrants nearby. Mr. Scott will follow up with Mr. Hart to gather more facts before a final determination can be made.

Mr. Bergman stated that King County has submitted a Developer Extension Agreement for its loop project as previously analyzed in an engineering report by Mr. Perkins. Mr. Jonson stated that an addendum to the Association's standard form developer extension agreement was developed for use by governmental agencies and is part of the County's submission. Discussion followed.

**MOTION NO 2021-67:** Motion to approve the King County Loop Project was made by Mr. Costello and seconded by Ms. Baker. Motion carried.

**Business Report** Ms. Parker reported on financial reports, the audit, and property tax exemption application to the Dept. of Revenue. She noted that the Cedar Landing bill will be paid in full and draft revisions to the CWA issuance procedures are in progress. Capital and Amortization budget reports are still under development by Ms. Parker and Ms. Baker. Ms. Hagen reported that she has successfully obtained property tax exemption approval from DOR for the Edgewick property including adjustment for removal of the mobile home – this pertains to tax years 2021 and 2022. Subsequently, Edgewick valuation will be adjusted based on the improvements for the new office.

#### **UNFINISHED BUSINESS**

**2001 Water Right** - Mr. Formisano reported that SPU has not yet set a meeting date for discussion of water supply mitigation strategies.

**NEW BUSINESS** None

**ITEMS TO TRACK & COME BACK TO IF THERE IS ACTIVITY** None

#### **EXECUTIVE SESSION**

Mr. McKone called the Board into Executive Session at 9:44 pm to review personnel and legal matters with counsel. Mr. Aguilar, Mr. Johnson, Mr. Bergman, and Ms. Hagen exited the meeting. Mr. McKone closed the executive session and returned to regular session at 10:25 pm.

**MOTION TO ADJOURN:** Motion to adjourn meeting at 10:27 pm was made by Mr. Costello, seconded by Ms. Baker. Motion carried.

Submitted by: Ann Reed, Board of Trustees Secretary