

**Sallal Water Association
Board of Trustees Meeting
Minutes of Tuesday, September 21, 2021**

The regularly scheduled meeting of the Board of Trustees of the Sallal Water Association was called to order on Tuesday, September 21, 2021, at 6:01 pm by Mr. McKone. This meeting was held online using Zoom due to the COVID-19 outbreak.

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

Consultants present: Richard Jonson, Attorney; Kevin Aguilar, G&O Engineer; Mike Johnson, G&O President.

Employees present: Kristina Parker, Director of Finance & Administration; Denny Scott, Water Superintendent; Tree Bergman, Water Operator.

BOARD TRUSTEE APPLICANT / INTERVIEWS: The Board conducted two interviews to temporarily fill the Board of Trustee position vacated by Ann Reed. The interviews concluded at 6:40 pm and the engineers, attorney and guests entered the meeting.

Guests present/Visitors Comments: Mr. Tom Chao, representing Edgewick Inn, reported a large spike in the inn's water bill and believed the commercial water rate schedule and possibly a bad meter are the reason. Mr. Larry Costello explained that the commercial rate structure was changed in 2020 to replicate the residential rate structure. Ms. Parker reviewed water usage history of the property. Mr. Denny Scott stated there is no indication of meter malfunction and recommended that Mr. Chao pick a time during the day or evening to check the meter when no water is being consumed on the premises. With no usage, the meter reading should not change. The Board asked staff to gather information from Mr. Chao and our own records to detect if there is a problem and provide the information and findings to the Board at the next Board meeting.

CONSENT AGENDA

- Vote to approve minutes for the August 17, 2021 meeting
- Vote to approve work study minutes for September 7, 2021 meeting
- Vote to approve consultant statements:
 - o Jonson & Jonson - \$10,210.00
 - o Gray & Osborne – \$13,440.03
 - o Aspect - \$4,882.50
 - o Hellsell Fetterman - \$4,086.41
 - o Lawhead - \$13,168.20
 - o Akana - \$31,682.88

MOTION NO 2021-69: Ms. Daylin Baker made a motion to approve the consent agenda for both the meeting minutes as edited by Mr. Larry Costello and all the consultant statements. The motion was seconded by Mr. Larry Costello. The motion carried.

REPORTS

OPERATIONS REPORT

Mr. Bergman reported on water system operations. Mr. Scott reported that the water distribution system continues to have consistent chlorine levels even with integrating new Well pump #4 and its chlorine analyzer; monthly member water usage is lessening as cooler weather arrives; and ongoing efforts of installing meters in new residential developments. He stated that he approved the request by Mr. McNaughton, a Sallal member, for a fire hydrant on his property. Mr. McNaughton will pay Sallal for the total cost associated with this work. Currently, Mr. McNaughton's project is on hold since there are no subcontractors available to perform the work. Disposition of the Hart fire hydrant request is pending receipt of additional information. Mr. Scott and Mr. Bergman discussed the value of Sallal procuring a mini/mid size excavator. Mr. Formisano recommended that Mr. Scott develop an outfit list of equipment and special tools that would be beneficial to have for the new shop to include costs and benefits of these items and submit in time for development of the 2022 budget.

NEW OFFICE PROJECT

Office Progress Update by Mr. Costello and Mr. Bergman: HMCI began framing; KPFF inspected the framing and reported several non-conformances which have been documented in two Non-Conformance Reports (NCRs); the NCRs are being resolved. Sallal-Akana meeting held on 9/21/21 to discuss the NCRs, QC and schedule issues. Mr. Costello also reported that Lawhead expressed and observed similar concerns. As a result, Akana will hold weekly progress meetings through October. Meetings to return to bi-monthly as NCRs are resolved, QC improves and the construction schedule is updated/deficiencies corrected. Ecology Wall work starts tomorrow. Pay estimate no. 3 was reviewed. G-O's request for additional fees in the amount of \$3,280 for design of the ecology block wall was reviewed.

Motion AB 2021-70: Motion to approve an increase to G&O's Construction Support budget by \$3,280.00 for design of the new Ecology Wall for the New Office Project was made by Mr. Costello and seconded by Ms. Baker. Motion carried.

Motion AB 2021-71: Motion to approve new office pay estimate #3-revised in the amount of \$405,830.93 less \$37,334.95 retainage for a total payment of \$368,495.98 was made by Mr. Costello and seconded by Ms. Hibma. Motion carried.

Motion AB 2021-72: Motion to ratify and supersede September 2, 2021 email vote to approve the Ecology Wall change order for a NTE amount of \$49,279.44 (price does not include sales tax) was made by Ms. Baker and seconded by Mr. Costello. Motion carried after discussion to note that the cost exceeded the Board's initial ballpark estimate of \$35k.

TREASURER'S REPORT

Ms. Hibma reviewed the July/August Financial Statements, August Balance Sheet and the aging reports of both the A/P and A/R.

MEMBER ADVISORY COMMITTEE

Mr. Formisano reported that the 9/14/21 meeting was cancelled due to no member representation. Since MAC participation has been spotty over the last several months, Mr. McKone asked the Board to consider options and decide how best to move forward – or whether we should continue to have a MAC. Mr. O'Brien stated that having a MAC is beneficial to Sallal by providing another set of voices providing input to the Board. Discussion followed regarding whether to recruit more members and perhaps change the meeting frequency to every other month.

CONSERVATION COMMITTEE

Ms. Parker reported that she is still researching EPA WaterSense and to expect an update next Board meeting. As Mr. McKone and Ms. Hibma have taken on the duties of President and Treasurer respectively, they have had little time to work on conservation and will step away from the committee. Mr. McKone stated that he will spend time over the next several months in developing a draft Sallal Conservation Policy.

ENGINEERING REPORT Gray & Osborne/Kevin Aguilar

Ms. Baker stated that Board ratification of an email vote on pay estimate no. 10 was needed. Pay estimate no. 11 was reviewed and recommended for approval by G-O. Mr. Costello inquired about contract payment at Substantial Completion limited to 95% of project costs less the value of outstanding punchlist items. Mike Johnson responded and estimated the punch list value at \$70,000, there is approximately \$58,000 in remaining bid line item payments for work yet to be completed and that 5% retainage would be deducted from the payment. He recommended approval of the pay estimate. Mr. Aguilar reported that the Substantial Completion Certificate was received by PCI with a date of Aug 17, 2021, as the day of substantial completion. Included in the certificate was an updated punchlist. Mr. Costello asked that the punchlist be included in the project CMS (or other readily accessible location) in order to track progress. Mr. Aguilar stated that PCI submitted product data for the reservoir repair and that G&O reviewed and responded with comments including the need for a detailed schedule outlining the tasks & time to complete the repair. Date for starting the repair is TBD, but will need to be coordinated with Sallal operations since the tank will be taken out of service, drained, dried, and cleaned prior to initiating the repair. There was discussion of how to minimize wasting water in the reservoir during the process of draining it. Mr. Scott stated he would be comfortable with drawing down the tank level to approximately 5 or 6 feet (an 80% to 85% draw down) before discharging the rest of the water as waste. Mr. Aguilar reported that G&O informed PCI that based on the supporting information provided to date, proposed Change Orders 14 & 15 have not been approved. Mr. Aguilar reported that the bid opening for the Standby Generator for Well pumps 1, 2 and 4 is Oct 6. Mr. Costello inquired as to the status of the Standby Generator installation design package. Mr. Aguilar reported the design package is under development and will provide the Board an estimated completion date. PCI's proposed change order no. 7 for additional drainage facilities was reviewed. Mr. Costello questioned the time extension of 31 and 36 days for Substantial Completion and Final Completion respectively. G&O confirmed that the August 17th Substantial Completion date includes the 31 day time extension, and the final completion date includes +5 days to allow execution of the tank leak repair. It was noted that the final completion date with these adjustments is effectively end of September.

Motion AB 2021-73: Motion to ratify the Board's email vote of August 18, 2021 to approve PCI Pay Application #10 was made by Ms. Baker and seconded by Mr. O'Brien. Motion carried

Motion AB 2021-74: Motion to approve PCI progress estimate #11 in the amount of \$22,667.21 less \$1,042.65 retainage for a total payment of \$21,624.56 was made by Ms. Hibma and seconded by Mr. O'Brien. The motion carried after discussion on the impact of the Substantial Completion punchlist on future progress payments in order to stay within the limits outlined in the contract.

Motion AB 2021-75: Motion to approve PCI's Change Order #7 Well 4 Drainage for NTE \$59,982.00, with the addition of adding the Substantial Completion date of Aug 17th to the Change Order was made by Mr. O'Brien and seconded by Ms. Baker. Motion carried.

ATTORNEY REPORT

Mr. Jonson reported on the status of litigation and noted that the G&O fire flow study may be required sooner than the estimated Dec 2021 timeframe.

BUSINESS REPORT

Ms. Parker presentation included status on the development of the CWA policy, creating and submitting USDA reports for 2019 & 2020, review of delinquent member accounts and members who are delinquent submitting backflow inspection reports to Sallal. The staff has been working with the auditor in providing records and answering follow-up requests for information. Ms. Parker reviewed with the Board Operations budget-to-actuals and acceptance by Woodriver Home Owners Association of the leak relief decision by Sallal. Ms. Parker is developing budget-to-actual reports for our Capital & Amortization financials. Mr. Costello requested that Ms. Parker's powerpoint presentation be placed in the monthly Board meeting section of Dropbox.

UNFINISHED BUSINESS

2001 Water Right Application: Mr. Formisano reported the following; Comments to our July 2021 CMP submittal are due from Ecology on or about Sep 25th. A Sallal - SPU meeting was held on Sep 10, 2021, to provide status of Sallal's progress on our 2001 Water Right application and solicit SPU feedback on both Ecology's May 2021 email and Sallal's CMP submittal. While reviewing our water mitigation options, SPU stated that North Bend inquired about the feasibility of a direct diversion of water from Chester Morse/Masonry Pool for mitigation purposes. SPU told North Bend they would not be interested in considering a direct diversion of mitigation water. Therefore, we concluded that SPU would not be interested in pursuing a similar project with Sallal. Consequently, we would no longer consider this a viable mitigation option. SPU does have a regularly scheduled meeting with the tribes and would inform us if anything of substance about our Preliminary Permit or CMP is discussed at those meetings. SPU will need time to provide Sallal comments, internally they need to consult with their legal counsel who is on vacation. We anticipate approximately mid-Oct 2021 for SPU to provide written comments to us.

NEW BUSINESS

Meeting stipend for the Board of Trustees. The Board discussed the current stipend of \$100 for Board members and \$200 for the Board president, which have been in existence prior to 2003. Mr. O'Brien stated that he will draft a motion including background, purpose for increasing the stipend and when to implement. The Board will discuss this further at the Oct 2021 Board meeting.

ITEMS TO TRACK & COME BACK TO IF THERE IS ACTIVITY

Nothing to report

EXECUTIVE SESSION

Mr. McKone called the Board into Executive Session at 9:15 pm for the purpose of considering interim appointment of a replacement trustee. Mr. Aguilar and Mr. Bergman exited the meeting. Mr. McKone closed the executive session and returned to regular session at 9:26 pm.

Motion AB 2021-76: Motion by Daylin Baker and seconded by Eric O'Brien to appoint Denise Smutny as trustee in the position vacated by Ann Reed. Motion carried.

MOTION TO ADJOURN: Motion to adjourn meeting at 9:27 pm was made by Ms. Baker and seconded by Ms. Hibma. Motion carried.

Submitted by: Rich Formisano, Board of Trustees Secretary (Acting)