

**SALLAL WATER ASSOCIATION  
MEETING MINUTES FOR NOVEMBER 16, 2021  
BOARD OF TRUSTEES MEETING**

**CALL TO ORDER (QUORUM ACHIEVED): 6:02pm**

**Board members present:** Mr. Shawn McKone (President), Ms. Daylin Baker (Vice President), Ms. Joyce Hibma (Treasurer), Mr. Larry Costello, Mr. Eric O'Brien, Ms. Denise Smutney and Mr. Richard Formisano (Acting Secretary).

**Consultants present:** Mr. Richard Jonson, Attorney; Mr. Kevin Aguilar, G&O Engineer; Mr. Mike Johnson, G&O President, Ms. Katy Isaksen KI&A.

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

**Guests present/Visitors Comments:** None

**CONSENT AGENDA**

- Vote to approve minutes for the October 19, 2021 meeting
- ~~Vote to approve minutes for the November 6, 2021 retreat meeting~~ (deferred to December 2021 Board meeting)
- Vote to approve consultant statements:
  - Jonson & Jonson - \$6,546.00
  - Aspect - \$2,911.75
  - Akana- \$26,335.85
  - Lawhead- \$9,528.44 including,
    - Lawhead letter of November 16, 2021 for additional services in the amount of \$4,107.68
  - Gray & Osborne- \$7,066.68

**MOTION NO 2021-87:** Motion by Mr. Costello and seconded by Ms. Hibma to approve the consent agenda consisting of the Oct 19, 2021 Board meeting minutes as amended by Mr. Costello and all the consultant statements. Motion carried.

**REPORTS**

**GENERAL FACILITIES FEE STUDY:** Ms. Katy Isaksen stated that she was hired to perform a study to review and update the fees of becoming a member. The fees associated with membership include an administrative fee, meter installation fee and a general facilities charge (GFC). The GFC was last updated in 2017. Ms. Isaksen presented four alternative methodologies for updating the GFC. Discussion followed. She recommended that Alternative #4 be considered the best methodology to go forward. Alternative 4 allocates the Capital Improvement Plan projects and ERUs between existing and future members as shown in the 2020 Water System Plan. She stated that her intent is to finalize the report by the December 2021 Board meeting and approve it for updating the 2022 rate schedule. To assist Ms. Isaksen, Sallal staff was requested to review the report and provide her with the actual cost for the capital

improvement projects which have been completed; also, Board and staff should provide their input as to the allocation % assigned to existing members and new members. Ms. Isaksen and the Board discussed the frequency of updating the GFC and notification to members and those with pending applications and developer extension agreements.

#### **OPERATIONS REPORT:**

- Mr. Scott recommended that Sallal release the retainage for the piping project at 436th & North Bend Way (Tucci & Sons, Inc.) and accept the work. The project was completed over a month ago and passed inspection. Discussion followed and it was decided that lien release documentation will not be required and the performance bond will remain in effect.

**MOTION NO 2021-88:** Motion by Ms. Baker and seconded by Ms. Hibma to accept the work performed by Tucci & Sons at 436<sup>th</sup> & North Bend Way and approve release of the retainage (\$7,170.00). Motion carried.

- Mr. Scott requested the Board approve hiring a full time Water Operator to assist with the growing workload in the field. The 2022 Budget has funds to support the new hire. Discussion followed.

**MOTION NO 2021-89:** Motion by Ms. Baker and seconded by Ms. Smutney to authorize the hiring of a full-time operator with starting salary between \$25 to \$30/hr plus benefits. Motion carried.

- Mr. Scott alerted the Board that #2 Well pump is increasingly discharging "white water" caused by air bubbles. Although harmless, it is not appealing to customers but could be an indicator of pump or well problems. Mr. Johnson of G&O will meet with Mr. Scott to help troubleshoot and determine repairs if needed.
- Mr. Scott reported that Rainer Asphalt applied for a Certificate of Water Availability (CWA) for an office project located east of Trucktown. He will follow the newly approved CWA policy for staff & engineering review before submitting it to the Board for approval.
- Mr. Scott reported that the Well #2 chlorine pump that had recently been repaired failed again. A new replacement pump has been installed and is working correctly.

#### **NEW OFFICE PROJECT**

- Office Progress Update. Mr. Costello reported that the schedule shows final contract completion on March 3, 2022, which is a 3 week slip to the schedule but within the contract period of performance. Major progress in the last month consisted of framing substantially complete, electrical and mechanical rough-ins going well, some mechanical equipment delayed, standby GENSET delivered, roofing system challenged due to weather, contractor not finished correcting nonconformances.
- It is anticipated that Lawhead & Akana will require additional funds through contract completion. HiMark's inexperience on a commercial building construction project has required a larger workload for Lawhead and Akana to review, approve, oversee Hi Mark's work. Approximately 72% of Akana's budget and 100% of Lawheads budget have been spent against 53% project completion.

- HiMark Pay Estimate #5 was submitted for approval in the amount of \$521,278.53 less \$36,562.68 retainage. Discussion followed.

**MOTION NO 2021-90:** Motion by Mr. Costello and seconded by Ms. Baker to approve Hi Mark payment #5 for a net payment of \$484,715.85 (total invoice amount \$521,278.53 less \$36,562.68 retainage). Motion carried.

#### **MEMBER ADVISORY COMMITTEE**

- Mr. Formisano summarized the MAC meeting minutes. Highlights were:
  - Mr. John Prange, potential new MAC member, attended the meeting as a guest.
  - For the Emergency Response Plan (ERP), Mr. Kangas recommended VHF handhelds be included as a tertiary means of communications during an emergency.
  - Mr. O'Brien mentioned that the State has been upgrading its emergency communications system and we should consider procuring communications equipment that would work with the State system. He will provide information about the State's emergency communication system to help determine if one or both communication systems are needed for Sallal's ERP.

**MOTION NO 2021-91:** Motion by Mr. Formisano and seconded by Mr. Costello to approve the MAC meeting minutes of November 9, 2021. Motion carried.

**CONSERVATION COMMITTEE:** No update

#### **ENGINEERING REPORT** Gray & Osborne/Mr. Kevin Aguilar

- Rattlesnake Reservoir and Well 4 Update was reviewed by Mr. Aguilar:
  - Majority of punchlist completed
  - New drainage system completed, waiting for final cost.
  - Repair of reservoir tank not going well. Leak test failed again. The Board asked Mr. Scott to develop a cost for the amount a water dumped from the reservoir in order to perform and test the repairs as a potential cost reimbursement.
    - ATS Surge suppressor: PCI is willing to split the cost as a way to resolve the punch list item, but is now suggesting that since Sallal benefited by the avoided utility power costs during the period of time when the system was operated from the generator that they should be able to recoup that amount to offset their portion of the surge suppressor cost. G&O has estimated this to be upwards of \$2,400. It was pointed out that the cost of wasted water from the reservoir leak repair will likely offset this charge so further negotiations on all of these closeout items is needed.
    - Well #4 Pump vibration: The pump manufacturer was hired and performed a vibration analysis. Although there was no apparent bearing problem, the testing revealed that the pump needed to be rebalanced. Based on this result, G&O believes that the prior concerns regarding apparent high noise levels is a non-issue, but does believe that some part of the testing cost should be covered by the contractor due to the discovery regarding the need to rebalance.
- Fire Suppression Report: Mr. Aguilar stated that a revised draft report posted to dropbox updated the value of the debt service, annual maintenance, and reassessed the cost of providing fire suppression within King County. Discussion was deferred to later in the meeting.

- Generator installation project: Mr. Aguilar stated that G-O has developed a 60% design set; and PSE needs a 20ft separation between the generator fuel tank and the PSE transformer. He confirmed that G-O is on track to complete design and specs by December 2021 Board meeting.
- GENSET procurement: Mr. Aguilar stated that due to increased lead times experienced throughout industry, the delivery dates and slight modification to liquidated damages was requested by the manufacturer. After discussion, the Board concurred in the changes. The contract form was updated and we are waiting for the manufacturer to sign the contract. Once the contract is executed, the lead time clock will start.

**ATTORNEY REPORT** Jonson & Jonson/ Mr. Dick Jonson

King County Franchise Agreement: Mr. Jonson reported the status of the litigation and next steps. Mr. Johnson (G&O) provided an overview of the draft Fire Cost Credit Report. The purpose of the report is to assess the cost, with supporting rationale, of providing fire suppression to properties in the King County portion of Sallal's service area. The fire suppression cost can be used to offset the annual estimated franchise cost sought by King County. Mr. Johnson requested comments/inputs to the draft in order to finalize the report by the December Board meeting (12/16/2021).

**TREASURER'S REPORT** Ms. Joyce Hibma

Ms. Hibma reviewed the Treasurer's report posted to dropbox. During the last month, she assisted Ms. Parker in reviewing and correcting both Qtr 1 & 2 2021 financial statements. Conducted research to find purchase history of tax parcels 0723099061 and 1823099070. No purchase history could be found on-line. The next step will be a visit to King County records.

**BUSINESS REPORT** Ms. Kristina Parker

Ms. Parker reviewed October financial reports:

- Cash, accounts receivable and loan balances
- 2021 budget and projected actuals through the remainder of 2021.
- 2022 Draft Budget; went through the updated budget numbers. There are still a few more tweaks to make to the budget
- The Board was requested to ratify email motion #2021-86 regarding submittal of 2020 IRS Form 990.

**MOTION NO 2021-86:** Motion via email on 11/12/2021 by Ms. Baker and seconded by Ms. Smutney to approve submittal of the 2020 IRS Form 990 conditioned upon Ms. Parker filing an amended 990 before the end of the year to address outstanding issues. Motion carried.

- Approval of 2020 Audited Financial Statements – Deferred for future meeting pending receipt of final documents from the auditor.

**UNFINISHED BUSINESS:**

- Mr. McKone reviewed the final draft of the CWA Policy and discussion followed.

**MOTION NO 2021-92:** Motion by Ms. Baker and seconded by Mr. O'Brien to approve the final version of the CWA Policy. Motion carried.

**NEW BUSINESS:**

- The Board discussed setting time in January 2022 to make preparations for the Annual meeting.

**ITEMS TO TRACK & COME BACK TO IF THERE IS ACTIVITY**

**EXECUTIVE SESSION:**

Mr. McKone called the Board into Executive Session at 9:33 pm for the purpose of discussing Water Usage and a procurement contract for SCADA and Office Network equipment as part of the new office project. Mr. Aguilar exited the meeting (all other guests having previously left the meeting). Mr. McKone closed the executive session and returned to regular session at 10:22 pm.

**MOTION TO ADJOURN:** Motion to adjourn meeting at 10:23 pm was made by Ms. Baker and seconded by Mr. O'Brien. Motion carried.

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

**Next scheduled meetings:**

**Board Meeting:** Tuesday, December 21, 2021 at 6 pm