

**SALLAL WATER ASSOCIATION
MEETING MINUTER FOR JANUARY 18, 2022
BOARD OF TRUSTEES MEETING**

The meeting was held remotely utilizing Zoom teleconference services.

CALL TO ORDER (QUORUM ACHIEVED) 6:02 PM

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, Mr. Jeff Faunce, Akana Construction Management.

Employees present: Ms. Kristina Parker, Director of Finance & Administration; Mr. Tree Bergman, Water Operator

Guests present/Visitors Comments (Limit time to 3 minutes):

- River Run Project Manager, Adam Behrman - Provided general information about the River Run project. He was concerned about the CWA expiring before the DEA was signed. Mr. McKone recommended he submit an extension request for the CWA. Additional discussion to occur under the engineer's report.
- Wilderness Rim, Mr. Mike Kenyon – He requested that the decision to enact the rate increase be deferred to the March 15th meeting and to schedule a meeting with Wildness Rim Assoc in the interim to discuss the change with Sallal.

CONSENT AGENDA

- Vote to approve minutes for the December 21, 2021 Board meeting
- Vote to approve minutes for the January 4, 2022 Workstudy meeting
- Vote to approve consultant statements:
 - Jonson & Jonson - \$6,376.00
 - Aspect - \$218.00
 - Akana- \$26,239.42

- Lawhead- \$13,283.99
- Gray & Osborne- \$4,086.28
- Katy Isaksen & Associates - \$6,200
- Helsell Fetterman - \$1,667.75

MOTION NO 2022-001: Motion by Mr. Costello and seconded by Ms. Baker to approve the consent agenda consisting of the Dec 21, 2021 Board Monthly meeting and January 4, 2022 Workstudy minutes and the consultant statements shown above. Motion carried.

MEMBERSHIP FEE STUDY: Ms. Katy Isaksen

- Ms. Isaksen entered the meeting at 6:12 pm and reviewed proposed increases in connection fees. Based on input from Mr. Scott and Ms. Parker there were no recommended change to the Administration Fee. Increases in the general facilities element were presented and discussed. Two changes were recommended for Meter Installation fees - \$3,800 (which is a deposit to be applied against actual costs) if Sallal performs the meter install (meter + parts/fittings, permit, inspection and labor) and \$1,000 if a property owner or developer taps the main and installs the stub and meter box including setter.
- The Board discussed informing the members and developers with completed DEA's before the rates go into effect.
- The last item discussed was how often should the Board update connection fees. Ms. Isaksen stated that traditionally, connection fees were updated when a water purveyor submitted a new Water System Plan (WSP), which used to be every 6 years and now every 10 years. Ms. Isaksen recommended the Board consider every 5 years or even annually to consider inflation adjustments. If done every 5 years, then consider adjustments based on a rate study. If Sallal updates annually, use of an index such as CPI or Construction Cost Index is typically what Ms. Isaksen has seen. Ms. Isaksen exited the meeting at 6:46 pm.

REPORTS

OPERATIONS REPORT: Mr. Denny Scott

- Mr. Scott's monthly water system update was reviewed.

- Mr. Bergman, filling in for Mr. Scott, updated the Board on a main line break that occurred about 2:15pm Friday, January 14, 2022 on Cedar River Falls Rd, affecting the Wilderness Rim community. A coupler on a 10in AC pipe blew out. Root cause could not be determined but could have been caused by a rock found up against the pipe. It was also reported that there was a pressure spike that coincided with the break, but the exact timing of the pressure event and leak could not be determined. It was noted that SCADA does not currently capture pressure data on the system to record such events. Staff will further evaluate these details in an effort to establish the root cause and make any recommendations. Ten members were contacted that may have experience a loss of water for several hours. The repair was completed and the pipeline placed back in operation later that evening. As part of the debrief and lessons learned it was recommended Sallal consider adding a second supply line to the Wilderness Rim water association distribution system in order to eliminate this section of pipe as a single point of failure. Staff was asked to develop a CIP proposal for Board consideration.

NEW OFFICE PROJECT

- Office Progress Update: Mr. Faunce reported on the status of the project. HIMARK's requested Change Order #6 for time extension will be reviewed under Business Report
- Reviewed HMCI Pay Estimate #7 dated January 4, 2022

MOTION NO 2022-002: Motion by Ms. Baker and seconded by Mr. Costello approve HMCI Pay Estimate #7 for \$332,931.98

MEMBER ADVISORY COMMITTEE: Mr. Rich Formisano

No meeting this month. Waiting for MAC recommendation on MAC member application from Mr. John Prange

CONSERVATION COMMITTEE: Ms. Kristina Parker

No update

ENGINEERING REPORT: Mr. Kevin Aguilar, Gray & Osborne

- Rattlesnake Reservoir Update: Reservoir subcontractor continues working on leak repair – grout injection scheduled for January 24th, the tank will not need to be drained. A leak test will be conducted next week.
- Future Projects reviewed including SE Tanner Road AC main replacement. Based on the recent AC pipeline rupture along Cedar Falls Road, Mr. Bergman said to consider main replacement in that area as a higher priority, together with installation of a second water pipeline to WR water system & the Uplands Reservoir. The Board requested G&O work with Sallal staff to develop a project plan (proposal for design and cost estimate) for work at both locations, but prioritize construction on the Cedar Falls Road project.
- Fire Flow Cost Study: Ready for final submittal – all review comments have been addressed, G&O will provide a PE stamped version of the study for Sallal use. Based on the court ruling, if Sallal can show that it benefits from an easement or other dedication that gives it the right to use the county right-of-way without a franchise, then Sallal may be able to further offset part of the County franchise fee. Such assessment will be reserved pending the initial round of negotiations with the County.
- River Run - G&O looking for details of water meter locations, possible water use changes - eliminate pool & spa. Project size and details were discussed. Decision on approval of DEA application will be deferred so that additional water usage analysis can be conducted. Mr. Bergman exited the meeting at 8:01 pm.

ATTORNEY REPORT: Mr. Richard Jonson, Jonson & Jonson
No report

TREASURER’S REPORT: Ms. Joyce Hibma
Ms. Hibma reported on review of 2021 financial records in preparation for the 2021 Audit

BUSINESS REPORT: Ms. Kristina Parker

- Business Update: Continued working the delinquency list.
- 2022 Draft Budget: Ms. Parker presented a powerpoint slide containing summary figures. The Board requested a spreadsheet showing last year's budget by line vs 2022 budget line and a % increase with notes explaining significant changes.

- 2022 Rate Review: Ms. Parker presented a powerpoint slide summarizing recommendations of changes to monthly rates, meter installation fees and the general facilities element of the membership fee. Discussion followed. Mr. Costello requested additional information regarding the amortization revenues and expenses prior to making a decision on any corresponding adjustment. Also, it was noted that the Rate Schedule should be revised to reflect all approved adjustments as well as the ERU calculation methodology based on the most recent WSP – Ms. Parker will address this.

MOTION NO 2022-003: Motion by Ms. Baker and seconded by Mr. O'Brien to approve a 3.4% increase to the Base and Usage rates; increase meter installation fees as follows: (1) Property Owner install = \$1000.00 per meter, (2) Sallal install = \$3800.00 minimum per meter; and increasing the General Facilities Fee = \$21,027 per ERU. Motion carried.

- 2022-2023 Insurance Renewal: Ms. Parker reviewed renewal terms and the Board concurred in proceeding; need to check when the new office comes under the coverage. Decision on renewal will be deferred pending response to some questions from board members.
- Annual Meeting Planning: The Board discussed process and schedule for sending out meeting notices and ballots, receiving candidate resumes, and confirming the Annual Meeting date. Reviewed draft versions of the Ballots and discussed majority vs. plurality of votes a candidate needs to be elected.

MOTION NO 2022-004: Motion by Ms. Smutney and seconded by Ms. Baker to accept the ballot in the form presented with members who wish to run for a position added to the ballot in alphabetical order

- Van Ness Feldman Invoices; Ms. Parker discovered a few invoices sent to old email account that were not paid.

MOTION NO 2022-005: Motion by Mr. Costello and seconded by Ms. Baker to approve the payment of past due Van Ness Feldman invoices in the amount of \$7,804.50. Motion carried.

- Finney, Neill & Company, P.S: Ms. Parker received a progress payment from the auditor for \$6,257.75. Ms. Parker has asked for more information regarding final costs and final report that addresses board review comments. Cost to date for the 2020 audit is \$36,282.75.

MOTION NO 2022-006: Motion by Ms. Baker and seconded by Ms. Hibma to approve the Finney, Neill & Company invoice dated Nov 18, 2021 for \$6,257.75 together with prior charges for total expenditure of \$36,282.75. Motion carried.

- Akana Additional Service Request (ASR) #4: Mr. Jeff Faunce presented ASR#4 and explained the level of effort needed to provide oversight and administration for the New Office Project. Additional services coincide with the additional time HIMARK has requested. Mr. Faunce stated ASR#4 would provide funding to perform these services through May 1, 2022. Mr. Costello stated and Mr. Faunce agreed that the description of the services provided in ASR#4 was additional work that has already been performed. Mr. Formisano requested that the Summary table (Task 1 – 10 + Direct Costs) used for Akana's monthly invoices be adjusted with the new ASR#4 values as shown in ASR#4 Exhibit B.

MOTION NO 2022-007: Motion by Mr. Costello and seconded by Ms. Smutney to approve Akana ASR #4 dated January 18, 2022 in the amount NTE \$107,096.80, and to amend the period of performance to May 1, 2022. Motion carried.

- HIMARK Contract Extension: Change Order #6 submitted by HIMARK is for a 30 day contract extension. This is a no cost, time addition only change order to provide additional calendar days to complete the contract. The additional 30 days were a result of several factors including a delay getting temporary power on the site, high wind delays when installing the shop trusses, supply and material delays and abnormal weather delays. The change order was reviewed and recommended for approval by both Akana and Lawhead (Sallal's construction management and engineer of record consultants).

MOTION NO 2022-008: Motion by Ms. Hibma and seconded by Ms. Baker to approve the HIMARK Construction Contract Change Order #6 dated January 14, 2022. Motion carried.

UNFINISHED BUSINESS

Mr. Formisano reported that SPU has agreed to meet Thursday, Jan 27th to discuss Sallal's 2001 Water Right Application and whether wholesale water supply is available.

NEW BUSINESS

Nothing to report

ITEMS TO TRACK & COME BACK TO IF THERE IS ACTIVITY

Nothing to report

EXECUTIVE SESSION

Mr. McKone called the Board into Executive Session at 10:17 pm for the purpose of discussing water usage and staffing. After the water usage discussion, Ms. Parker exited the meeting (all other guests having previously left the meeting). Mr. McKone closed the executive session and returned to regular session at 11:15 pm.

MOTION TO ADJOURN: Motion to adjourn meeting at 11:15 pm was made by Ms. Smutney and seconded by Ms. O'Brien. Motion carried.

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

Next scheduled meeting:

Work Study Meeting: Tuesday, February 1, 2015

Board Meeting: Tuesday, February 15, 2022 at 6 pm