

**SALLAL WATER ASSOCIATION
MEETING MINUTES FOR FEBRUARY 15, 2022
BOARD OF TRUSTEES MEETING**

The meeting was held remotely utilizing Zoom teleconference services.

CALL TO ORDER (QUORUM PRESENT) 6:02

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 Smutny and Mr. Richard Formisano (Acting Secretary).

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

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

VISTOR COMMENTS (Limit time to 3 minutes)

- Luiza and Jeff Davis requested a new meter and membership for an existing second home on their property that Sallal has served since 2005 as an ADU. They have been a member since 1996. They subdivided the parcel upon which the second home is located and are selling it. They would like to have a meter and a membership for the parcel being sold. The Board appreciated the Davis' discussing their plans and requested that they submit a CWA in order to understand the particulars. Mr. Davis asked if the cost of the new membership could be based on the 2005 rate. The Board explained that if a second meter is installed and new membership is approved, the cost would be based on the current rates.
- Mike Kenyon from Wilderness Rim Association reported:
 - One of his members experienced damage purportedly due to a pressure spike associated with a Sallal watermain leak on January 14, 2022.
 - Meeting with Sallal to discuss proposed 15.8% rate increase discussed.
 - Mr. Kenyon wanted to know how much Sallal Board members get paid. Board members receive \$100 per meeting for monthly, annual and special meetings. The Board president receives \$150 per meeting. These rates have been in effect since the early 2000s.

CONSENT AGENDA

- Vote to approve minutes for the January 18, 2022 meeting
- Vote to approve minutes for the February 1, 2022 Work-study meeting
- Vote to approve consultant statements:
 - Jonson & Jonson - \$8,025.00
 - Aspect - \$944.50
 - Akana- \$39,808.57
 - Lawhead- \$9,074.50

Motion 2022-011: Motion by Ms. Baker and seconded by Mr. Costello to approve the consent agenda consisting of the January 18,2022 Board meeting minutes and the February 1, 2022 Work-study minutes as amended by Mr. Costello, as well as all the consultant statements shown above. Motion carried.

REPORTS

ENGINEERING REPORT *Gray & Osborne/Mike Johnson*

- Well #4 and New Reservoir:
 - PCI change order #8: Change Order No. 8, a net no cost change order, was presented for approval and consists of two items. Item 1 is a charge for additional fuel for a PCI provided backup genset during electrical transition; and Item 2 was a credit for the ATS surge protector that was never installed.

Motion 2022-012: Motion by Mr. Costello and seconded by Ms. Smutny to approve PCI Change Order #8. Motion carried.

- Repairs to the new reservoir were completed last week (external to the tank). Leak test starts tomorrow. G&O negotiated an extension of the warranty to 5 years with Mt. Baker Silo LLC.
- As final payment for PCI approaches, Mr. Costello recommended that the cost of all the water consumed to repair the tank leak be credited to Sallal in the final payment to PCI. Mr. Johnson agreed to negotiate the water used for leak repairs into the final payment.
- Water main replacement prioritization proposal. Mr. Aguilar and Sallal staff met to exchange information needed to develop scope of work for proposed engineering services. G&O presented a proposal in the amount of \$5,840.00. Mr. Costello asked that the proposal include a plan to perform leak detection and to assess DSL. The document will include a map showing pipe ages &

conditions and a prioritized pipe replacement list. Delivery date expected within the next 2 months.

Motion 2022-013: Motion by Mr. Costello and seconded by Ms. Hibma to approve G&O's proposal for \$5,840. Motion carried.

- Backup GENSET and installation: Manufacturer's submittals being reviewed by G&O. Final design for the installation package is on HOLD pending approval of the product submittal.
- Fire Flow cost study completed and PE Stamped
- This is the last meeting for Mr. Kevin Aguilar. The Board thanked him for all the support he has provided Sallal. Mr. Mike Johnson will become G&O's consultant engineer.

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

- Mr. Jonson reported that the King County litigation was dismissed and a counter estimate to King County's rent calculation (\$67k) and Sallal's Fire flow suppression cost analysis have been submitted to King County.

OPERATIONS REPORT *Mr. Denny Scott*

- Mr. Scott reviewed his Operations Report. Mr. Formisano found in archives a 2016 G&O report on entrained air from Well #2 pump and asked Mr. Scott to pass it to Mr. Johnson to see if it may contain helpful information in diagnosing and removing the entrained air that has reoccurred in Well #2 pump.
 - Mr. Scott received a heartfelt compliment from a member when he stopped and helped find and fix a leak.
- New Office Project
 - Office Project Update: Mr. Bergman reported on project status. HIMARK is working through NCR 004 & 5 that resulted in water leaks that damaged insulation, high moisture content on interior plywood, studs, headers, and potentially mold on numerous wood surfaces. HIMARK has hired Rose Environmental to inspect for mold.
 - Mr. Scott stated that Sallal received a proposal from Systems Interface (SI) to assist with moving and installing computer systems to the new building in the amount \$10,570. Mr. Scott recommended approval. Mr. Costello mentioned that there are several items in the New Office specifications and drawings that may not be compatible with SI's proposal. He recommended a meeting with SI and Lawhead to determine if there are any gaps or inconsistencies between SI's proposal

and the New Office specifications & drawings. Decision on the SI proposal was deferred pending outcome of the scope review.

- Hi Mark pay estimate #8, \$218,805.26
 - The pay estimate was reviewed. Mr. Formisano recommended to approve PE#8 with the exception of the attached construction schedule which has a completion date nearly 60 days after the current contract completion date.

Motion 2022-014: Motion by Mr. Costello and seconded by Mr. O'Brien to approve HIMARK pay estimate with exception of the attached CPM schedule. Motion carried. (Post Meeting - PE#8 valued was revised by HIMARK from \$218,805.26 to \$217,917.16. Board approval was obtained by email on 2/17/2022.)

EXECUTIVE SESSION

Mr. McKone called the Board into Executive Session at 7:17 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 7:49 pm.

BUSINESS REPORT *Kristina Parker*

- Ms. Parker reviewed the following business updates: all billing was processed and completed by due dates, annual & quarterly filings were completed, financial review with Ms. Hibma (Sallal Treasurer), prepared USDA annual reports, reviewed open office staff position job applications and sent out a request for proposals to perform the 2021 financial audit.
- Final 2020 Audit report addressing Board comments is still pending. Deliverable date TBD.
- Ms. Parker provided the Board with a 2022 Budget and Amortization summary: Board discussion covered the following;
 - Making sure that the money received from members monthly bills are distributed to the appropriate amortization and operations categories
 - Amortization funding analysis has concluded that the amortization rates can remain the same as 2021 and meet loan payment obligations for 2022. Staff will review asset management plans to make recommendations for use of Short Lived Asset reserves and accumulated amortization funds.

- Reviewed Budget Breakdown Summary by revenue source. The Board provided feedback and requested additional time to review. Ms. Parker will update the budget for review at the March 7th Work-study.
- River Run requesting to pay all fees upfront: Ms. Parker stated that River Run would like to pay the membership fees in advance of the upcoming rate increase and that the GFC calculation, which is based on estimated water usage, is still under development. The Board concurred in the request.
- Ms. Parker requested Board approval of a missed payment of a November 16, 2021 Gray & Osborne invoice for \$5,657.73

Motion 2022-015: Motion by Mr. Costello and seconded by Ms. Baker to approve Gray & Osborne November 16, 2021 invoice for \$5,657.73. Motion carried.

UNFINISHED BUSINESS

- Adopt all edits from revised Rules and Regulations. Previous edits to Sallal's rules as posted to Dropbox were reviewed.

Motion 2022-016: Motion by Mr. O'Brien and seconded by Ms. Smutny to adopt all the revisions of Sallal's Rules & Regulation dated July 2021 as presented with the addition of limiting the time a member can request leak relief (Rule 42) to sixty (60) days of the due date of the bill for which the member requests relief. Motion carried.

- Water Right legal support. Mr. Formisano requested the Board continue to use Van Ness Feldman in 2022 for water right legal support. He noted that phase II of the original work proposal will not be pursued. Board discussion followed

Motion 2022-017: Motion by Mr. O'Brien and seconded by Ms. Baker to approve Van Ness Feldman proposal NTE \$5,000.

- Mr. Formisano reported receiving email from East King County Regional Water Association (EKCRWA) on a tentative meeting on Feb 24 to discuss the Snoqualmie Aquifer Project.
- Annual Meetings and Elections research: This item was not discussed by the Board. See 2-13-2022 email from Mr. Formisano to Board of Trustees outlining his findings of past Annual Meeting and Election practices from 1996 – 2021.

NEW BUSINESS

CWA Twins Investment Vector – 6 ERUs. Mr. Scott briefly described the project and noted that the development site, consisting of three parcels, has existing Sallal memberships and meters. This CWA request will be discussed at the March 7, 2022 Work-study meeting.

ITEMS TO TRACK & COME BACK TO IF THERE IS ACTIVITY

Nothing to report

COMMITTEE REPORTS

MEMBER ADVISORY COMMITTEE *Mr. Formisano*

- No meeting held this month

CONSERVATION COMMITTEE *Ms. Parker*

- No update

MOTION TO ADJOURN: Motion to adjourn meeting at 8:58 pm was made by Ms. Smutny and seconded by Mr. Costello. Motion carried.

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

Next scheduled meeting:

Board Work-study Meeting: Monday, March 7 at 6 pm

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