

**SALLAL WATER ASSOCIATION  
MINUTES FOR MARCH 15, 2022  
BOARD OF TRUSTEES MEETING (by Zoom teleconference)**

**CALL TO ORDER (QUORUM PRESENT) 6:00**

**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. Mike Johnson, G&O President

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

**VISTOR COMMENTS (Limit time to 3 minutes)**

- Mr. Mike Kenyon from Wilderness Rim Association: He stated that he had no objection to the wholesale water rate increase for Wilderness Rim but objected to the amortization charge that includes the new office & shop. He requested a roll call vote when the Board votes on the new rate later in the meeting.
- Ms. Jean Bruckner: She had no comments at the moment but requested permission to comment later in the meeting.

**CONSENT AGENDA**

- Vote to approve minutes for the February 15, 2022 meeting
- Vote to approve minutes for the March 7, 2022 Workstudy meeting
- Vote to approve consultant statements:
  - Jonson & Jonson - \$5,330.00
  - Akana- \$35,664.56
  - Lawhead- \$10,704
  - Gray & Osborne- \$8,045.70 (includes invoices #21407 dtd 2-7-2022 and #22407 dtd 3-4-2022)
  - Van Ness Feldman -\$872.00

**Motion 2022-018:** Motion by Ms. Baker and seconded by Mr. Costello to approve the consent agenda consisting of the February 15, 2022 Board meeting and March

7, 2022 Workstudy minutes as amended by Mr. Costello and all the consultant statements shown above. Motion carried.

## REPORTS

### **ENGINEERING REPORT** *Gray & Osborne/Mr. Mike Johnson*

- **Mt. Baker Silo:** Mr. Mike Johnson reported that the new reservoir passed the latest leak test. Project closing is anticipated for the April board meeting. The cost of water lost due to draining the tank multiple times for leak repair will be credited back to Sallal.
- **Water Use Reduction Assessment:** Mr. Mike Johnson discussed the proposal to assess the potential impact of various water use reduction strategies on available water capacity. Cost of the proposal is \$1,900 and will take one month to complete. The Board discussed the proposal including the following points:
  - Mr. Costello requested that the report specifically assess the ~29 million gal DSL reported in Dec 2021
  - Mr. Formisano recommended the report address the time to obtain each proposed water savings and the cost associated for that savings. Eg. Cascade East West Watermain (D8 in CIP): Mr. Scott suggested completing this project in 2022. It is listed in the CIP to be accomplished in 2029. The project ties together two dead end water mains to make a loop. G&O's Water Use Reduction Assessment should estimate how much flushing water would be saved on a yearly basis by constructing the Cascade East West Watermain project.
  - The report should also address how we verify whether the estimated savings are achieved over a specified monitoring period. The report should propose a set of water usage measures reviewed at Board meetings.

**Motion 2022-019:** Motion by Ms. Baker and seconded by Ms. Hibma to approve G&O's proposal to conduct a Water Use Reduction Assessment at a cost of \$1,900.00. Motion carried

- **River Run Development:** River Run Ventures LLC submitted a revised ERU estimate performed by Pace Engineering for 100 versus the 127 used in River Run's approved CWA and membership application. Mr. Johnson reviewed Pace's submittal and stated that, in his view, the methodology could be supported but the data used and associated conclusions are questionable. Mr. Johnson will analyze the data further and update the Board after he verifies pipe and meter

sizes and irrigation and clubhouse use. The Board will review the figures again at the April 4th Workstudy meeting.

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

Mr. Jonson reported that King County franchise compensation litigation has concluded and Sallal is waiting for the County to respond to a counter proposal for reduced rent and claim for a total offset of rent based on our fire suppression cost study.

**OPERATIONS REPORT** *Water Superintendent/Mr. Denny Scott*

• **Water System report highlights and discussion:**

- Leak Detection program for 2022: Mr. Scott stated that he obtained a cost estimate from American Leak Detection Co., the same company used a few years ago by Sallal. Mr. Scott proposed, for 2022, to concentrate on the water distribution system in Pressure Zone 701, which is in the lower valley. This part of the system has a large quantity of older AC pipe under relatively high pressure. Sequencing of subsequent leak detection work to include Edgewick, the Uplands, Cedar Falls Road was also discussed. The Board asked Mr. Scott for an estimate of the total cost for 2022 services and if it exceeded management's purchasing authority, to provide a proposal for Board approval.
  - Post Board meeting: On March 16, 2022, Mr. Scott, via email, provided the Board a Not To Exceed proposal of \$8,200 to perform leak detection in the 701 pressure zone. The testing would be scheduled for end of April into early May and likely be completed within a two week time frame. The Board desires to ratify and confirm that action in the motion below by inclusion in and approval of these minutes.
- **Motion 2022-020:** Motion via email by Ms. Baker and seconded by Mr. Formisano to approve a contract to American Leak Detection Co to perform leak detection services in Pressure Zone 701 for a cost NTE \$8200.00. On March 17, 2022 the motion carried. Motion to be ratified at next month's Board meeting.
- Mr. Bergman reported that he is continuing to train the new water system operator and he is getting familiar with the water supply and distribution system including meters, water distribution piping, booster stations, PRVs, reservoirs, and test locations. He stated that programming issues with the

Egdewick pump have been fixed. He has scaled back flushing throughout the system but the pipes are still clean due the Association's very high water quality. Mr. Formisano asked that reduction in flushing be included in the G&O proposal the Board just approved.

- **New Office Project Update:** Mr. Bergman reported on construction activities but that corrective work remains to be done including pulling off sections of roof to install an omitted support strap. He stated the Change Order No. 4 is being worked on and Akana is still considering a time extension applicable to the concrete strike. He stated that the work is proceeding slowly. Mr. Costello noted budget impacts with respect to rent and construction management time caused by contractor delays. He provided a brief overview of a March 9th meeting requested by HiMark with Sallal and Akana primarily focused on Change Order #2 (approved) and Change Order #4 which was not approved by Board.

- Hi Mark pay estimate #9 for \$258,510.38. The pay estimate was reviewed. Mr. Formisano, recommends as he did with PE#8, to approve PE#9 with the exception of the attached construction schedule. The construction schedule does not meet specification 01-30-00, and incorrectly indicates a substantial completion date of 3/9/2022, a Certificate of Occupancy of 5/24/2022 and a Final payment on 5/26/2022 which are unsupported by the activities and critical path logic links provided in the schedule.

**Motion 2022-021:** Motion by Mr. Costello and seconded by Ms. Smutny to approve HiMark pay estimate with the exception of the attach CPM schedule. Motion carried.

- Systems Interface invoice #27655 dated 12/30/2021 for \$36,392.38 for Sallal Well #4 and Reservoir Upgrades was reviewed. Mr. Scott stated that SI took over this work from Blackfin and the work is complete. He recommended approval.

**Motion 2022-022:** Motion by Mr. Costello and seconded by Ms. Smutny to approve Systems Interface Invoice #27655 for \$36,392.38. Motion carried.

## **EXECUTIVE SESSION**

None.

## **BUSINESS REPORT** *Director of Finance & Administration/Ms. Kristina Parker*

- **Business Update:** Ms. Parker provided updates on office activities including training the new employee, of an annual USDA report and today's receipt of the 2020 draft financial audit – Ms. Parker requested board comments by March 24<sup>th</sup>.

- **Wilderness Rim rate review:** The Board reviewed the WRA Water Rate Analysis performed by Peninsula Financial Consulting Inc. and Ms. Parker's recommendation that the increase consist of both an adjustment to the wholesale water rate and amortization to cover the cost of the new loan. Discussion followed. Mr. Kenyon again ask for justification of the proposed amortization rate increase. Mr. McKone explained the justification as previously provided during February 4, 2022 meeting with Mr. Kenyon and Ms. Besso. Mr. Kenyon stated that he will make no attempt to "sell" this rate increase to his association.

**Motion 2022-023:** Motion by Ms. Smutny and seconded by Mr. Formisano to approve the Wilderness Rim Association wholesale monthly rate increase to \$19,347.57, effective May 1, 2022. The motion carried with all Board members voting in favor.

- **2022 Budget:** Ms. Parker reviewed the changes to both operational and capital budgets based on input received from the Board. Mr. Costello noted that he had provided several comments regarding the capital budget, amortization budget, and operational budget spreadsheet and requested more detail to understand how those comments have been addressed. Ms. Buckner asked for the budget to be sent to the members and be discussed at the upcoming annual meeting. Mr. McKone stated that budgets have not been circulated to members but that her comments will be considered.

**Motion 2022-024:** Motion by Ms. Smutny and seconded by Ms. Hibma to approve the 2022 operational and capital budgets and directing staff to update the capital budget to show more detail. Motion carried, 6 yeah with Mr. Costello voting nay.

- **Fee schedule:** The Board discussed the usage calculation for non-SFR ERU's in the membership fee portion of Sallal's Master Rate Schedule and whether to maintain consistency by staying with the same gpd amount.

**Motion 2022-025:** Motion by Ms. Baker and seconded by Mr. Costello to maintain the gpd amount for calculating non SFR ERU's in the membership fee portion of the Master Rate Schedule but to remove the reference to the prior water system plan. Motion carried.

## **UNFINISHED BUSINESS**

Mr. Formisano advised of a meeting with SPU concerning the feasibility of the Association purchasing wholesale water at Rattlesnake. Due to the complexities of treatment and conveyancing, SPU stated that it will not be able to respond until 2024 or 25.

Mike Johnson stated that the Vector development proposed water usage amount as provided by the developer appeared to be consistent with the DOH water system design manual and was adequately taken into account by the two existing meters serving the property.

## **NEW BUSINESS**

Nothing to report

## **COMMITTEE REPORTS**

- **MEMBER ADVISORY COMMITTEE** *Mr. Formisano*  
No update
- **CONSERVATION COMMITTEE** *Ms. Parker*  
No update

**MOTION TO ADJOURN:** Motion to adjourn meeting at 8:10 pm was made by Ms. Smutny and seconded by Ms. Hibma. Motion carried.

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

**Next scheduled meeting:**

**Annual Meeting: Tuesday, March 29, 2022 at 7pm**

**Board Meeting: Tuesday, April 19, 2022 at 6 pm**