

SALLAL WATER ASSOCIATION

WORKSTUDY MEETING MINUTES JUNE 6, 2022 (In person and by Zoom teleconference)

CALL TO ORDER (Quorum Achieved) 6:00 PM

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

Consultants present: Mr. Richard Jonson Attorney, Mr. Mike Johnson G&O

Employees present: Ms. Kristina Parker, Director of Finance & Administration, Mr. Denny Scott, Water Operator

Guests present: None

WORK STUDY TOPICS

Water Capacity Review: G&O's Water Use Reduction Assessment was presented to the Board at the April meeting and referenced during this discussion along with a water capacity spreadsheet. The spreadsheet is still under development and is based on projections of water usage and outstanding certificates of availability for proposed new developments.

- Current year water production vs consumption spreadsheet. A good start at having a spreadsheet that is presented at the monthly Board of Trustee meetings.
 - DSL numbers are high compared to prior years;
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 - Leak detection: Mr. Scott reported that Leak Detection in the 710 Zone is nearly complete. No major leaks, several minor leaks that operations staff will repair. Mr. Costello inquired on the one potential large leak at meter 13825 amounting to 1 CF/min. rate that was noted in the DRAFT report. Mr. Scott is evaluating this with the leak detection contractor and will provide an update.
 - The Board asked Mr. Scott to obtain a proposal from the leak detection company to survey the remaining water distribution zones this year.
 - Reservoir Inspections – The Board inquired if our reservoirs could be contributing to the high DSL. Mr. Scott reported tanks are on a 5-year inspection schedule. Edgewick tank inspected about 3 months ago. All tanks are in excellent condition, clean and no signs or leaks. Mr. Scott recommended to continue with the 5-year inspection frequency.
 - Mr. Scott and Ms. Parker stated that between 40 to 50 water meters per month typically fail to be remotely read. This creates an additional workload for both

operations and office staff to manually reread meters to get accurate consumption figures. While Mr. Scott couldn't pinpoint a root cause, he mentioned a few key issues: a 2005 laptop with an outdated operating system and software, large number of older model meters with permanent mounted transmitters and lack of timely and reliable technical support. Mr. Scott and Ms. Parker will research viable solutions and alternatives to replace the older model meter-transmitter units and reduce the number of remotely read meter failures.

- The Board discussed the G&O recommendation of installing distribution meters in several key locations. This will allow operations staff to track consumption in specific areas and focus their investigations of unexplained water usage. The Board asked G&O and Mr. Scott to develop a proposal recommending the number, location and cost to install these distribution meters.
- The Board requested Ms. Parker, Mr. Scott with assistance from G&O, as needed, to develop a plan. The purpose of the plan is to include all of the tasks that the Board needs in order to assess water supply capacity for future member growth. The plan is to be presented at the next Board meeting.

Water Supply Agreement with City of North Bend

- The Board reviewed an excerpt of proposed changes to the draft water supply/mitigation agreement received from the City. Discussion followed and Board members and counsel comments that the excerpt, received approximately a year after requesting a response from the City to the previous contract draft, introduces additional complications and risks to Sallal. Ms. Baker read an email from Mark Rigos stating that interconnecting the Sallal and City water systems would subject Sallal to the City's instream flow mitigation requirements to include the possibility that all Sallal members would have to curtail water use under low flow conditions. Regulatory aspects and impacts to Sallal that would result from connecting the two systems were discussed. Lengthy discussion followed concerning whether Sallal and its members would be better or worse off by remaining independent of the City's system even it meant that Sallal could not accept new connections until new supply is obtained. The fact that the City already extended a water main into the UGA and planned further extensions making water available to new development in the UGA was discussed. The Board discussed the idea of having two contracts that would operate independently; 1. A water supply contract that is used to sell water from the City to Sallal for domestic and commercial purposes, 2. A water mitigation contract used to sell water from Sallal to the City to supplement low stream flows.
 - The idea being that the terms and conditions of these two contracts would be very different and simpler to construct individually.
 - Ms. Baker will contact the City to see if this is a path they are willing to consider.

City of North Bend intending to service the Hoenig property:

- Ms. Parker received a phone call from Mr. Mark Rigos, North Bend Public Works Director, stating that the City intends to provide drinking water to a proposed new development on the Hoenig property. The property is in the Sallal Water Service area and the Hoenigs are Sallal members attempting to sell the 28-acre parcel in the UGA to a developer. In December 2021, they submitted a CWA application to Sallal requesting approximately 500 ERUs to support a retail and multifamily development. Permit application, construction and occupancy are anticipated to take place between 2023 - 2027. The Hoenigs CWA application was disapproved by Sallal in February 2022 based on Sallal's Rule #40 and the speculative nature of the application. Sallal did communicate, as information only, that it did not presently have sufficient water supply capacity to serve an approximate 500 unit development. Discussion followed and Ms. Parker was requested to obtain additional information about the proposed use of the property.

EXECUTIVE SESSION

None.

MOTION TO ADJOURN: Motion to adjourn meeting at 8:35 pm was made by Ms. Baker and seconded by Mr. McKone. Motion carried.

Submitted by: Richard Formisano, Board of Trustees Secretary

Next scheduled meeting:

Board Monthly Meeting: Tuesday, June 21, 2022 at 6 pm