

SALLAL WATER ASSOCIATION
MINUTES FOR May 17, 2022 BOARD OF TRUSTEES MEETING
(by Zoom teleconference)

CALL TO ORDER (QUORUM PRESENT) 6:01

Board members present: Ms. Denise Smutny (President), Ms. Daylin Baker (Vice President), Mr. Shawn McKone, Mr. Eric O'Brien, 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 Superintendent and Mr. Tree Bergman, Water Operator

VISTOR COMMENTS (Limit time to 3 minutes)

Mr. Adam Behrman from River Run Ventures LLC introduced Ms. Rosanna Brown & Mr. Paul Weller from Pace Engineering to explain the analysis used to develop their revised ERU calculations for the River Run development. In February 2021, the Board approved a 127 ERU request for a certificate of availability which River Run Development used to pay for membership fees in March 2022, prior to the General Facilities Charge rate increase. Shortly after, Mr. Behrman submitted a Technical Memo by Pace which provided the methodology used to develop a revised estimate of 100 ERUs. Ms. Rosanna Brown and Mr. Paul Weller explained the methodology used. Mr. Behrman stated the 100 ERU is a fair estimate for the development and requests Sallal refund the GFC for 27 ERUs. Besides the ERU discount percentage used by some purveyors for apartments, other factors discussed were landscaping, design changes removing the club house pool and hot tub, and data on the number of townhomes/apartments/bedrooms being constructed. Ms. Smutny stated that the Board will review and discuss the information provided by both River Run LLC & PACE as well as G&O's assessment of ERUs in order to make a decision.

CONSENT AGENDA

- Vote to approve minutes for the April 19, 2022 meeting
- Vote to approve consultant statements:
 - Jonson & Jonson - \$7,955.00

- Akana - \$34,210.90
- Gray & Osborne - \$6,756.00
- Lawhead - \$8,547.00

Motion 2022-040: Motion by Ms. Baker and seconded by Mr. Costello to approve the consent agenda consisting of the Board's April 19, 2022, monthly meeting minutes and all the consultant statements shown above except for the Akana statement. Motion carried.

Mr. Costello stated that Akana's latest invoice exceeds the overall contract amount. Discussion followed including how construction delays caused by the general contractor have necessitated increasing Akana's contract for construction management services.

Motion 2022-041: Motion by Mr. Costello and seconded by Mr. McKone to approve raising the limit on Akana's service contract to \$458,157.21 and to authorize payment of invoice #2017-020 dated 5/16/2022 in the amount of \$34,210.90. Motion carried.

REPORTS

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

Mr. Johnson reported on the following:

- Provided a synopsis of the River Run Development water usage estimate including a 5-17-22 G&O memo to Sallal.
- The submittal for the backup Diesel/Generator for Well pumps #1, 2 and 4 was received from Cummins and reviewed & approved by G&O. The draft RFP for installation of the Diesel/Generator is targeted for Sallal review at the next Board meeting.

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

- King County Franchise Fee Update; Nothing to report with respect to upcoming negotiations with King County. Mr. Jonson reported that Union Hill Water District is organizing a telecon with KC Councilwomen - Ms. Sarah Perry. After discussion, Mr. Jonson was authorized to attend a preparatory meeting with utility representatives and for Mr. Costello to attend the main meeting on behalf of Sallal.

OPERATIONS REPORT *Water Superintendent/Mr. Denny Scott*

Water System Update;

- The weather being cooler and wetter has helped with keeping water usage low for this time of the year.
- Staff have been locating all the meter boxes and hydrants, clearing the areas around them and marking the meter boxes with blue paint.
- The leak detection service is nearly complete. No major leaks to report although several service leaks were discovered on Sallal's side of water meters. Operations staff will undertake pinpointing and repairing these service leaks.
- AC pipe replacement at River Run roundabout: intersection 436th Ave SE and SE 136th St. This project is to replace the existing AC pipe with 12" iron ductile pipe along 436th Ave between SE Cedar Falls way and SE 136th St. The project will also include new watermain through the new River Run roundabout. This project was inadvertently left out of the 2022 budget but it is part of the Capital Improvement Plan (item D2). A proposal from Fury Site Works, Inc. was presented. Engineering for the project will be needed and Mr. Scott recommended using the developer's engineer, Pace, to perform the work because it was already involved.

Motion 2022-044: Motion by Mr. Costello and seconded by Mr. O'Brien to approve Fury's "Riverrun Roundabout Watermain Installation," in an amount not to exceed \$240,000.00 including WSST. Motion carried.

Motion 2022-045: Motion by Mr. Costello and seconded by Mr. O'Brien to approve PACE Engineering for civil engineering services proposal for the 436th Ave SE water Main Extension for a sum NTE \$5,500. Motion carried

New Office Project

- Mr. Bergman reported on the project and noted that the project continues to run behind schedule. Several key areas for the schedule delay are the contractor's ineffective use of subs, non-conformances (rework), landscaping tasks yet to be started, commissioning activities have not been integrated into the schedule and a commissioning plan has yet to be submitted. Interior work in the office and shop is progressing.
- Significant material delays: HVAC Condensing Unit and Standby Generator Load Center docking station.

- The Board ratified Motion 2022-039: Motion by Ms. Baker and seconded by Mr. Costello, was via email on 5/5/2022, to approve Change Order #7 in the amount of \$37,879.03 with no change in contract time.
- Change Order #17: This change order directs the contractor to apply concrete waterproofing (Spray-Lock) as an extra precautionary measure on exposed curbs below office windows where water ingress occurred this past winter.
Motion 2022-042: Motion by Mr. Costello and seconded by Mr. Formisano to approve Change Order #17 in the amount of \$744.80 with no change in contract time. Motion carried.
- Pay estimate #11 in the amount of \$171,568.72. The pay estimate was reviewed by Akana who discovered 2 items that are not recommended for payment and 1 overpayment. Subsequently, the 2 items not recommended for payment were removed and the overpayment will be reconciled in the next pay estimate. It was noted that the CPM schedule submitted with the pay estimate was incorrect and should not be approved.
Motion 2022-043: Motion by Mr. Costello and seconded by Mr. O'Brien to approve the pay estimate no. 11 invoice for \$171,568.72 with the exception of the CPM schedule
- Project team recommends starting liquidated damages on May 15, 2022 due to HiMark not meeting the Substantial Completion date on May 14th. The May 14th Substantial Completion date was a result of HiMark's request for an extension. Akana as the contract's Initial Decision Maker, recommended a 32 day extension due to delivery delays of the Garage Doors resulting in a new Substantial completion date of May 14, 2022. To document the new May 14th Substantial Completion date a change order was submitted for agreement & signatures by both parties. HiMark has yet to agree to the 32 days. Akana's letter 16 of April 19, 2022, reminded HiMark of the May 14th Substantial Completion date and the potential use of liquidated damages.
- As a result of construction delays, anticipate Akana submitting an additional services request through Aug 2022 for ~\$130k to be submitted and reviewed at the next Board meeting.

EXECUTIVE SESSION

Ms. Smutny called the Board into Executive Session at 7:21 pm for the purpose of discussing water usage and Wilderness Rim Wholesale rates with all guests having previously exited the meeting. Mr. Bergman also exited the meeting. Ms. Smutny closed the executive session and returned to regular session at 8:10 pm.

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

Ms. Parker reported the following:

- Two proposals were received for audit services. Ms. Parker recommended Finney, Neill & Co., the auditor that performed the 2020 audit. Motion 2022-046: Motion by Ms. Baker and seconded by Mr. O'Brien to approve hiring Finney, Neill & Co for 2021 audit year services. Motion carried.
- The Board reviewed and discussed the River Run ERU information provided by River Run LLC, PACE, G&O and Board members. The Board's decision is that the original calculation of 127 ERUs is the most appropriate assessment for the River Run Project and to confirm that amount. Ms. Parker will inform River Run LLC of the Board's decision.
- Reviewed a new financial report being developed by Ms. Parker.
- Update from City of North Bend meeting - discussed during Executive Session.

UNFINISHED BUSINESS

- **2001 Water Right Application Update;** Mr. Formisano received Ecology's response to the viability of using Well#3 to provide mitigation water for our 2001 Water Right Application. Ecology's assessment is that "it would it is extremely difficult to mitigate for proposed new groundwater rights in ISF-regulated areas. This is made even harder when trying to mitigate by withdrawing more water from the same watershed and creating new/different and possibly compounding impacts that also must be considered."

NEW BUSINESS

Mr. Costello asked when will the variable frequency drive for Well #2 pump will be installed. Ms. Parker and Mr. Scott will look into this and report back at next month's Board meeting.

ITEMS TO TRACK & COME BACK TO IF THERE IS ACTIVITY

COMMITTEE REPORTS

MEMBER ADVISORY COMMITTEE *Ms. Parker*

No update

CONSERVATION COMMITTEE *Ms. Parker*

No update

MOTION TO ADJOURN: Motion to adjourn meeting at 8:18pm was made by Ms. Baker and seconded by Mr. McKone. Motion carried.

Next scheduled meeting:

WorkStudy: June 6, 2022 at 6 PM

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