

SALLAL WATER ASSOCIATION

MINUTES of August 16, 2022 BOARD OF TRUSTEES MEETING (In-person and by Zoom teleconference)

CALL TO ORDER (QUORUM PRESENT) 6:47

Board members present: Ms. Daylin Baker (Vice President), Ms. Joyce Hibma (Treasurer) 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 and Mr. Denny Scott, Water Superintendent

VISTOR COMMENTS (Limit time to 3 minutes)

Mr. Michael Thomas: He thanked the Board of Trustees for their service. In the interest of keeping members informed, he recommended that Sallal provide monthly progress updates on the Emergency Interim Moratorium effort. He was surprised during the public meeting to hear the Mayor's offer for the City to buy Sallal. He is strongly against selling Sallal to the City of North Bend.

Ms. Jean Buckner: She also was surprised by the Mayor's offer for the City of North Bend to buy Sallal. She described it as an act of desperation from the City. She encouraged the Board not to sell Sallal.

CONSENT AGENDA

- Vote to approve minutes for the July 19, 2022 meeting
- Vote to approve consultant statements:
 - Jonson & Jonson - \$8,640.00
 - Gray & Osborne - \$4,746.28
 - Lawhead - \$9,026.16
 - Ahlers Cressman Sleight - \$787.50
 - Finney, Neill & Company - \$3,775.00

Motion 2022-064: Motion by Mr. McKone and seconded by Mr. O'Brien to approve the consent agenda consisting of the Board's July 19, 2022 monthly meeting minutes and all the consultant statements shown above. Motion carried.

CONSULTANT STATEMENTS:

Akana - \$41,216.41 for construction management services was reviewed. This invoice exceeds the current contract amount due to New Office construction contract.

Motion 2022-065: Motion by Mr. Costello and seconded by Mr. O'Brien to approve raising the limit on Akana's service contract to \$571,420.83 and to authorize payment to Akana for invoice no. 20017-23 in the amount of \$41,216.41. Motion carried.

REPORTS

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

Nothing to report

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

Having just attended Sallal's Emergency Interim Moratorium Public Meeting, Mr. Jonson discussed two key points:

- Sallal's members own Sallal, not the Board of Trustees, therefore only the member-owners are empowered to decide if they want to dissolve Sallal and sell it to the City of North Bend.
- Sallal members should be aware that a City will often use an offer to buy as a precursor to start condemnation proceedings should an owner refuse to sell.

OPERATIONS REPORT *Mr. Denny Scott*

- Water production quantity running at normal amount for July. May and June were slightly below normal due to precipitation and cooler temperatures.
- Chlorine residuals are normal
- Leak detection: American Leak detection is working the next 8 pressure zones includes Wells #1, 2 and 4 down to the South Fork of Snoqualmie River. Currently inspecting piping in the Uplands area, no leaks detected at this time.
- Request for Membership: In Feb 2022 Mrs. Luiza and Jeff Davis requested an additional membership and 5/8' meter for an existing second home on their property which was previously treated as a grandfathered-in accessory dwelling unit. They subdivided the parcel into two, keeping one home on one parcel in which they live and selling the second home on the other parcel. Discussion followed and it was concluded that installing a separate meter and issuing a membership for the home that was previously an ADU would not result in increased water usage and would bring the situation into compliance with Association rules. Standard membership and meter installation charges will apply.

Motion 2022-066: Motion by Ms. Hibma and seconded by Mr. McKone to approve a membership and a 5/8" meter for the home that was previously an ADU subject to payment of standard charges. Motion carried.

- A member inquired about transferring a membership and water connection from one parcel to another that he is planning on buying. The new water property is without water service. The Board reviewed the By-Laws and after discussion, concluded that memberships and connections run with the land and the member had no inherent right to transfer his membership and water connection to another parcel.
- Fury Site Works, Inc completed AC pipe replacement at the new River Run roundabout - intersection 436th Ave SE and SE 136th St. This project replaced the existing AC pipe with 12" iron ductile pipe along 436th Ave between SE Cedar Falls way and SE 136th St.

New Office Project: *Mr. Tree Bergman*

Office Project Update by Mr. Formisano filling in for Mr. Bergman

- On August-01-2022, HMCI filed a lien against the New Office & Shop property. On August-03-2022 a letter from HMCI's attorney (Schlemlein, Fick & Franklin) to Sallal requested mediation to resolve several outstanding claims on the New Office & Shop construction contract, previously denied by Akana, the contract's initial decision maker. Discussion moved to Executive Session.
- Change Order 23: Cancelled. The Change Order was to landscape several additional areas throughout the property by planting wildflower seed mix, over a layer of topsoil and compost. Instead HMCI will, at no cost, provide grass seed in one area where the contract required wildflower seed be planted. Sallal will maintain and water this area.
- Standby Generator and Fuel Tank commissioning behind schedule: Three major tasks to be performed by HMCI before GENSET commissioned.
 - HMCI subcontractors (Generac and Getchell) must install the correct wire connectors on the GENSET in order to complete wiring from the GENSET to the Automatic Transfer Switch located inside the building.
 - HMCI must provide seismic calculations for fuel tank anchoring to concrete pad. Calculations will confirm either the existing anchoring is acceptable or changes are required. Changes will be the responsibility of HMCI to correct at no cost.
 - Conduct a successful functional performance test.
- HMCI Pay estimate #14 in the amount of \$91,344.60.

Motion 2022-067: Motion by Mr. Formisano and seconded by Mr. Costello to approve the invoice for \$91,344.60 with the exception of the CPM schedule. Motion carried.

EXECUTIVE SESSION

Ms. Baker called the Board into Executive Session at 8:01 pm for the purpose of discussing the Emergency Interim Moratorium and other legal matters. All guests had previously exited the meeting. Ms. Baker closed the executive session and returned to regular session at 9:12 pm.

The following motions were brought forward as a result of executive session discussions:

- **Motion 2022-068:** Motion by Mr. McKone and seconded by Mr. Costello to approve a \$15,000 increase in services for Ahlers, Cressman & Sleight, PLLC to assist with resolution of HMCI New Office and Shop construction contract claims through mediation. Motion carried.
- **Motion 2022-069:** Motion by Ms. Hibma and seconded by Mr. O'Brien for Sallal to obtain and file a lien release bond at a cost of \$1,443.00 to cover 1.5 times the value of HMCI's lien amount (1.5 times x lien amount equals \$72,149.63). Motion carried.

BUSINESS REPORT *Ms. Kristina Parker*

- Ms. Hibma, Treasurer, performed second quarter (April - June) review of Profit & Loss, Balance Sheet, AR & AP aging.
- CPA audit site work complete; audit report will be ready for review in September.

- Budget vs Actuals 2022 Quarter 1 - 3 spreadsheet available for Board review
- Ms. Parker advised that the remaining out-of-pocket costs for the RD Loan #10 are estimated to be \$557,000. Further evaluation is in progress which will be reported at the September board meeting.
- COVID impacts, have caused staff to run out of sick leave. Ms. Parker recommended an increase to the employee sick days. Discussion followed as the Board considered several alternatives. Mr. O'Brien reviewed King County's COVID sick leave policy which can be found at [covid19-leave-procedure.ashx \(kingcounty.gov\)](https://www.kingcounty.gov/covid19-leave-procedure.ashx). Ms. Parker stated that she is reviewing the employee handbook and will make suggestions for future changes.
Motion 2022-070: Motion by Mr. O'Brien and seconded by Mr. Costello to adopt the King County COVID sick leave policy effective from January 1, 2022 through December 31, 2022, which shall temporarily over-ride sick leave limits in the employee handbook. Motion carried.
- The Board ratified **Motion 2022-071:** Motion by Ms. Hibma and seconded by Mr. O'Brien, to approve the email vote on 7/21/2022, increasing Mr. Doug Hartwig's salary having successfully completed his probationary period.

UNFINISHED BUSINESS Nothing to report

NEW BUSINESS Nothing to report

ITEMS TO TRACK & COME BACK TO IF THERE IS ACTIVITY None

COMMITTEE REPORTS

MEMBER ADVISORY COMMITTEE *Ms. Kristina Parker*

No update

CONSERVATION COMMITTEE *Ms. Kristina Parker*

No update

MOTION TO ADJOURN: Motion to adjourn meeting at 9:14 pm was made by Ms. Hibma and seconded by Mr. O'Brien. Motion carried.

Next scheduled meeting:

Board Meeting: Tuesday, September 20, 2022 at 6 pm