

**SALLAL WATER ASSOCIATION
MINUTES FOR DECEMBER 20, 2022 BOARD OF TRUSTEES MEETING (via Zoom
videoconference)**

CALL TO ORDER (QUORUM PRESENT)

6:01PM

Board members present: Ms. Denise Smutny (President), 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, Mr. Denny Scott, Water Superintendent and Mr. Tree Bergman, Water Operator

Guests present: Mr. Michael Thomas, Sallal member; Mr. Jeff Humenik, Sallal member; Mr. Glen Hart - Sallal Member; Mr. Greg Kappe, non-member supporting Mr. Glen Hart; Mr. Don Wise, Sallal Member; Ms. Ann Bailey, Sallal Member; Walter David Scamehorn non-member

VISITOR COMMENTS (Limit time to 3 minutes)

- Mr. Michael Thomas: He thanked the Board for their service and holding the Open House in November. He also had a few questions about leak detection progress, calibration of production meters, 2022 production to date, future need of a reservoir and booster pump.
- Mr. Jeff Humenik: He provided additional information to complete the submitted CWA application. Further discussion was deferred until the Board considers moratorium issues
- Glen Hart and Greg Kappe - Silverstone NB LLC: They provided an overview of their proposed development project, explained several detailed reports and answered questions for a CWA extension request. Sallal was provided several detailed documents for the CWA extension the morning of the Board meeting. The Board deferred the decision to the January 17, 2023 meeting in order for staff, engineering and Board to review the documents provided. Further discussion was deferred until the Board considers moratorium issues.

CONSENT AGENDA

- Vote to approve minutes for the November 15, 2022 Board monthly meeting
- Vote to approve minutes for the November 10, 2022 Board workstudy. This item was removed from the consent agenda for subsequent discussion.
- Vote to approve consultant statements:
 - Jonson & Jonson - \$11,980.00
 - Ahlers Cressman Sleight - \$5,872.50
 - Finney, Neill & Company - \$7,149.00
 - Westwater - \$4,312.50
 - Gray & Osborne - \$9,929.03

Motion 2022-098: Motion by Mr. Costello and seconded by Mr. Formisano to approve the consent agenda consisting of the Board's Nov 15, 2022 monthly meeting minutes and all the consultant statements shown above. Motion carried.

CONSULTANT STATEMENTS:

- Akana - \$11,995.48: This invoice exceeds the current contract amount. New amount totals \$657,394.41
- Lawhead - \$4,215.00: This invoice exceeds the current contract amount. New amount totals \$499,416.64

Motion 2022-099: Motion by Mr. Costello and seconded by Mr. O' Brien to approve raising the limit on Akana's service contract to \$657,394.41 and authorize payment to Akana for invoice no. 20017-027 in the amount of \$11,995.48 and to approve raising the limit on Lawhead's service contract to \$499,416.64 and to authorize payment to Lawhead for invoice no. 5461 in the amount of \$4,215.00. Motion carried.

REPORTS

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

- Review of production and consumption for 2019 - 2021: Mr. Mike Johnson provided a synopsis of inaccuracies found in both Well #1 production meter readings and consumption quantities in 2020 & 2021.

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

- Mr. Jonson reviewed a Franchise Agreement by City of North Bend. Mr. Costello asked if he could have another week to review and provide comments. Ms. Smutny with input from the Board postponed providing comments to end of December 2022.
- Mr. Jonson reviewed a written procurement policy required by federal audit requirements that is intended to comply with Federal regulations. Having a written policy will correct a finding from the 2020 & 2021 Audit report. See motion 2022-103 below.

OPERATIONS REPORT *Mr. Denny Scott, Water Superintendent, made the following report*

- Well #1 & 2 production meters sent out to be inspected and calibrated. As reported earlier by Mr. Johnson Meter #1 was found to be reporting quantities that were 8.5% higher than actual and meter #2 was reading correctly. The Well #1 meter was recalibrated, fixed and both meters are back in service. The Board asked Mr. Scott to ask the calibration contractor the cause for the 8.5% error.
- Leak Detection: Due to the recent amount of snow, field staff had to postpone work until the snow melts and weather improves. Field staff did find 3 fire hydrants with small leaks. and were able to eliminate the leaks on two of the hydrants and reduced the leak on the 3rd hydrant to approximately 0.25 gpm. The 3rd hydrant should be repaired in a few days.
- Solenoid Valves were installed on both Wells #1 & 2 pre-lube line to reduce the quantity of water needed for pump start up.

- Rainier Asphalt: Request for a Developer Extension Agreement (DEA) for installation of both a 4 inch line for a firemain connection to a building and relocating an existing 5/8 " x 3/4" service meter connection.

Motion 2022-100: Motion by Mr. McKone and seconded by Ms. Hibma to approve a DEA for Rainier Asphalt for a fire line connection and meter relocation. Motion carried.

- New Office Project; Mr. Tree Bergman reported the following
 - Pay estimate #17. This is the final pay estimate and was recommended for payment. **Motion 2022-101:** Motion by Mr. Costello and seconded by Mr. O'Brien to approve HMCI Pay Estimate #17 in the amount of \$98,979.39. Motion carried.
 - Mediation Settlement: Sallal was represented by Ms. Parker, Mr. Bergman, Mr. Costello and Mr. Sleight (legal counsel). After a long day of negotiating, a settlement agreement was reached with HMCI. The agreement was reviewed and recommended for approval. **Motion 2022-102:** Motion by Ms. Hibma and seconded by Mr. Formisano to approve the mediation settlement agreement. Motion carried.
 - Work on punchlist items progressing.
 - Discovered a small leak in part of the roof above the office. Mr. Bergman called HMCI to report the leak. As part of the new building warranty, HMCI arranged for a roofer to arrive tomorrow.

BUSINESS REPORT *Ms. Kristina Parker made the following report*

- WestWater appraisal - Sallal should receive the appraisal in time for the January 2023 Board meeting.
- USDA Loan - The loan should be ready to close upon final review of the O&M Manuals by the engineer of record and the removal of HMCI's lien. Both items should be completed by end of December 2022.
- 2023 Budget: initial Board discussion scheduled for January 10, 2023 Board workstudy followed by draft budget review for the January 17, 2023 Board meeting.
- Moratorium Update: Discussion moved to Executive Session.
- City of North Bend-Sallal contract update: Discussion moved to Executive Session.

EXECUTIVE SESSION

Ms. Smutny called the Board into Executive Session at 7:24 pm for the purpose of discussing legal issues with counsel including the Emergency Interim Moratorium, CWA requests, New Office & Shop matters, November 10 2022 Board workstudy minutes, the draft Franchise Agreement with the City and the City's desire to acquire the water system and water supply/mitigation contract discussions. All guests, Mr. Mike Johnson and Mr. Tree Bergman exited the meeting. Ms. Smutny closed the executive session and returned to regular session at 9:09 pm.

Upon exiting Executive Session Sallal members: Mr. Don Wise, Ms. Ann Bailey and Mr. Michael Thomas returned to the meeting and the following motions were made:

Motion 2022-103: Motion by Mr. McKone and seconded by Mr. Baker to approve a new Procurement Policy as presented (with one clarifying edit) to ensure that goods and services purchased by the Association are obtained in a cost-effective manner and in compliance with applicable federal regulations. Motion carried.

Motion 2022-104: Motion by Ms. Hibma and seconded by Ms. Baker to approve the November 10, 2022 Board workstudy draft meeting minutes corrected by Mr. Jonson on November 16, 2022. Motion carried: 6 for and 1 opposed (by Mr. Costello).

Motion 2022-105: Motion by Ms. Hibma and seconded by Ms. Baker to approve terminating the Interim Emergency Moratorium. Motion carried: 6 for and 1 opposed (by Mr. Formisano).

Mr. Thomas inquired how many equivalent residential units of capacity remain and whether the water system plan is accurate. Mr. O'Brien responded that the Association does not publish the ERU figure because it is subject to change and to avoid encouraging prospective members from speculating based on the figure. It was confirmed that the water system plan remains effective and that Gray & Osborne will finalize a water production capacity report relied upon by the Board in making its decision to terminate the moratorium that will be made available to the members.

Motion 2022-106: Motion by Ms. Hibma and seconded by Mr. McKone to prioritize negotiating a supply contract with the city of North Bend to benefit member access to drinking water. Motion carried: 6 for and 1 opposed (by Mr. Formisano).

Motion 2022-107: Motion by Mr. O'Brien and seconded by Ms. Hibma to approve a CWA application by Secured Holdings LLC pending verification that one mobile home currently on the property is habitable. Motion carried.

Motion 2022-108: Motion by Mr. McKone and seconded by Ms. Baker to approve a CWA application by Mr. Jeff Humineck. Motion carried.

UNFINISHED BUSINESS: Nothing to report

NEW BUSINESS: None

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

COMMITTEE REPORTS

MEMBER ADVISORY COMMITTEE *Ms. Kristina Parker*

- Vote to approve 12-13-2022 MAC meeting minutes.

Motion 2022-109: Motion by Ms. Baker and seconded by Ms. Hibma to approve the December 13, 2022 MAC meeting minutes. Motion carried.

- Vote to approve new MAC member Mr. Don Wise.

Motion 2022-110: Motion by Ms. Baker and seconded by Mr. O'Brien to approve Mr. Don Wise as a MAC member. Motion carried.

CONSERVATION COMMITTEE *Ms. Kristina Parker*

- No update

MOTION TO ADJOURN: Motion to adjourn meeting at 9:46 pm was made by Mr. O'Brien and seconded by Mr. McKone. Motion carried.

Next scheduled meeting:

Board Workstudy: Tuesday, January 10, 2023 at 6 pm

Board Meeting: Tuesday, January 17, 2023 at 6 pm