

**SALLAL WATER ASSOCIATION
MINUTES FOR FEBRUARY 21, 2023 BOARD OF TRUSTEES MEETING (via Zoom videoconference)**

CALL TO ORDER (QUORUM PRESENT) 6:02 PM

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; and 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, Ms. Shawn Hamerly, Office Manager

Guests Present: Mr. Gary Wagner and Mrs. Nancy Wagner, Sallal members; Mr. Don Deberg, Public Works, City of North Bend; Mr. Michael Day, Sallal member; Mr. Mike Thomas, Sallal member; Ms. Jean Buckner, Sallal member; Ms. Ann Bailey, Sallal member & MAC; Ms. Nancy Jones, Sallal member & MAC; and Mr. Don Wise, Sallal member & MAC.

Prior to visitor comments, Ms. Smutny adjusted the order of the agenda for the convenience of the guests to listen to the City of North Bend Contract Committee report after Visitor Comments.

VISTOR COMMENTS (Limit time to 3 minutes)

- Mr. & Mrs. Wagner addressed the Board to seek an additional billing adjustment for a water service line leak that occurred during Nov & Dec 2022. They asked the Board for consideration to adjust both billing periods, instead of one per the current Sallal policy.
- Mr. Mike Day submitted a CWA application. He is splitting his parcel into a 3-lot short plat and is requesting a 5/8" meter service on two of the lots. The third lot has an existing home with water service from Sallal.
- Mr. Michael Thomas had questions about the latest version of the draft contract with North Bend. He is concerned about the infrastructure costs and the ability of Sallal to supply and receive water simultaneously at the rates specified in the contract.
- Ms. Jean Buckner supported Mr. Michael Thomas's questions and concerns and offered additional concerns about potential impacts of the contract to Sallal members and the Snoqualmie River.
- Mr. Don Wise commented on the importance of acquiring an additional water source in order to serve future Sallal members.
- Ms. Nancy Jones agreed with Mr. Wise and added the importance of having a contract to fend off condemnation with North Bend.
- Ms. Ann Bailey was concerned that the 100 acre-feet of mitigation water specified in the draft contract would not be adequate for future growth planned by North Bend.

CITY OF NORTH BEND COMMITTEE *Ms. Baker and Ms. Hibma made the following report:*

- On February 7th, a day after the Board's Special meeting, Sallal provided an updated version of the draft supply - mitigation contract to the City Mayor, City Council, Department of Ecology (DOE) and Department of Health (DOH).
- The delivery of Sallal's draft contract coincided with North Bend's City Council meeting on February 7th. Ms. Hibma, attended the City Council meeting and reported that the overall Council remarks regarding

receipt of Sallal's draft were positive. As a result, City Council approved tabling to the next City Council meeting on February 21st motion AB23-018: "...an Amendment to the City's existing Water System Plan in order for the City to expand its retail Water Service Area (WSA) to include a portion of the current City limits now served by Sallal Water Association (Sallal)." As of tonight, motion AB23-018 was not in the City Council agenda for their next meeting.

- The City has provided to Sallal a red line version of the February 7th Sallal draft contract.
- A meeting with the Mayor is scheduled for this Thursday, February 9th.
- Ms. Baker reported that Senator Mullet told her this week that he intends to secure \$2M in State funding to be split between Sallal and the City to cover infrastructure costs to implement this contract.

CONSENT AGENDA

- Vote to approve minutes for the January 17, 2023 Board meeting.
- Vote to approve minutes for the February 6, 2023 Special Board meeting.
- Vote to approve minutes for the January 10, 2023 Board work study.
- Vote to approve consultant statements.
 - Jonson & Jonson - \$21,160.00
 - Westwater - \$3,243.75
 - Gray & Osborne - \$15,086.17
- Mr. Formisano recommended the meeting minutes from the January 10th work study session be included in the Consent Agenda. Hearing no objection, the work study minutes were added to the consent agenda.
- Ms. Hibma suggested the special meeting minutes for February 6th be removed from the Consent Agenda, and added to the March Board meeting. She requested additional time to read the recent edits submitted by Mr. Costello.
- Mr. Costello expressed the importance of the February 6th meeting minutes with attachment A to be available as quickly as possible. He stated that he did not vote in favor of generally accepting the draft contract reviewed at the Feb 6th Special Board meeting and has deep concerns regarding the impact of that draft contract to Sallal.
- Ms. Hibma noted the negative impacts to Sallal if there is no contract with the City. Regardless of whether a contract with North Bend or another option is chosen, conservation and curtailment will apply and the possibility of an eminent domain court case may mean that Sallal will cease to exist.
- The following motions were made:
 - Motion 2023-011:** Motion by Ms. Baker and seconded by Ms. Hibma to approve the consent agenda without the February 6, 2023 Special Board Meeting minutes. Discussion followed.
 - Motion 2023-012:** Subsidiary motion by Mr. Costello and seconded by Mr. Formisano to amend **Motion 2023-011** by including the version of the Feb 6, 2023 Special Meeting minutes without Mr. Costello's edits. Motion carried 5 for, 1 opposed (Mr. O'Brien) and, 1 abstained (Ms. Baker). The Board returned to main **Motion 2023-011** wherein Ms. Baker withdrew the motion.
 - Motion No. 2023-013:** Mr. Costello moved to approve the consent agenda to include the version of February 6, 2023, Board meeting minutes posted to Dropbox prior to his recent edits. Mr. Formisano seconded. The motion carried with 5 voting for, 1 opposed (Mr. O'Brien) and 1 abstention (Ms. Baker).

CONSULTANT STATEMENTS:

- Akana - \$4,825.26, this invoice exceeds the current contract amount. New amount totals \$673,044.94.
- Lawhead - \$2,225.00, This invoice exceeds the current contract amount. New amount totals \$504,114.14. Mr. Costello noted the new total was missing the addition of \$2,225.00. Ms. Parker agreed and the new total amount was changed to \$506,339.14
- Ahlers Cressman Sleight - \$60.00, This invoice exceeds the current Board approved amount. New amount totals \$35,506.01

Motion 2023-014: Motion by Mr. Costello and seconded by Mr. O' Brien to approve raising the limit on Akana's service contract to \$673,044.94 and authorize payment to Akana for invoice no. 20017-029 in the amount of \$4,825.26; and to approve raising the limit on Lawhead's service contract to \$506,339.14 and to authorize payment to Lawhead for invoice no. 5481 in the amount of \$2,225.00; and to approve raising the limit on Ahlers, Cressman, Sleight to \$35,506.01 and to authorize payment of Ahlers, Cressman, Sleight for invoice no. 88839 in the amount of \$60.00. Motion carried.

REPORTS

ENGINEERING REPORT *Gray & Osborne/Mr. Mike Johnson made the following report:*

- Proposal for Water System Plan Amendment (WSP): As a result of the January 24, 2023 meeting with DOH, DOE and King County Utilities Technical Review Committee (UTRC), the Board asked G&O for a proposal to amend the 2020 WSP. Mr. Johnson discussed the scope of the proposal to include identifying changes to the Capital Improvement plan, adjustments to future financial planning and investigating potential service area alternatives. Mr. Formisano suggested that should the City of North Bend proceed with amending their water system plan, which includes transfer of vacant parcels in Sallal's service area, that both water system plan amendments be coordinated. Discussion on timing of this WSP amendment and progress with North Bend contract followed. Ms. Baker said it was premature to pursue an amendment that would give up all growth in the UGA.

Motion 2023-015: Motion by Mr. Formisano and seconded by Mr. Costello to approve the Water System Plan Amendment, G&O proposal #23407.00 in the amount of \$18,900. Motion did not carry 2 for, 4 opposed (Mr. O'Brien, Ms. Hibma, Ms. Baker, and Ms. Smutny) and 1 abstained (Mr. McKone).

- Proposal for Water Conservation Policy: Mr. Johnson discussed the scope of the proposal to include a review of nearby utilities conservation policies, identify potential conservation standards and rules for members and prepare a draft and final water conservation policy. Discussion followed. Mr. Costello requested that the engineer consider changing demographics.

Motion 2023-016: Motion by Ms. Hibma and seconded by Ms. Baker to approve the Water Conservation Policy Development, G&O proposal #22407.00 in the amount of \$7,900. Motion carried.

ATTORNEY REPORT *Jonson & Jonson / Mr. Richard Jonson made the following report:*

- Water utilities continue to work together on developing a Franchise Agreement template to be available for use in negotiating with King County. A King County attorney has yet to reach out to start negotiations with the water utilities.

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

- Water production for January averaged approximately 400,000 gallons per day. No major leaks or operational issues occurred.
- Sampling this year will include testing in July for lead and copper. Starting this year, Sallal shall take 5 water samples for PFAS and Lithium annually between 2023 to 2025. This is part of the EPA Unregulated Contaminant Monitoring Rule (UCMR). Under UCMR EPA pays for all the sampling kits and lab analysis.

- As part of the Data & Technology subcommittee Mr. Scott and Ms. Laffey have undertaken a project to investigate a transition to smart meters with advance meter reading and infrastructure improvements. They plan to present their findings and recommendations at the March Board meeting.
- Development Projects reported by Mr. Tree Bergman: River Run and Three Rivers are submitting their Developer Extension Agreement (DEA) required documents for acceptance. He expects them to be completed by the March Board meeting. Tanner Falls and Cascade Canyon (Toll Bros.) developments are built out and approaching the end of their 2-year warranty period. Mr. Bergman will prepare the close-out paperwork for these developments.
- Headquarters Update by Mr. Tree Bergman: HMCI's punch-list is down to a few items. USDA is scheduling a final inspection, which will allow Sallal to close on the Rural Development (RD) loan. The Board was very appreciative of the unwavering 1.5+ year commitment by Mr. Bergman to oversee this project in addition to his normal duties. Mr. Formisano asked Mr. Bergman to check with Akana (project construction manager) how and when they will deliver the project documentation kept in Procore construction management software.
 - Change Order #26 for \$2,662.50 is reimbursement to HMCI for additional seismic analysis for the standby generator foundation anchor bolts. Mr. Bergman recommended approval.
Motion 2023-017: Motion by Mr. Formisano and seconded by Mr. O'Brien to approve Change Order #26 in the amount of \$2,662.50. Motion carried.
- Certificate of Water Availability (CWA) applications submitted for this meeting: Mr. Scott provided an overview of each application. Mr. Formisano asked if there were sufficient Equivalent Residential Units (ERU's) available. Mr. Johnson replied that based on information to date, Sallal should have enough water for the applications being considered.
 - Bob and Sharon Anderson's CWA application is for a 5/8" water meter service for forest stewardship consisting of irrigation, growing seedlings, cleaning equipment and facilities, personal needs of employees, and occasional RV camping by the Anderson's.
Motion 2023-018: Motion by Mr. McKone and seconded by Ms. Hibma to approve the Anderson's CWA application for one ERU consisting of a 5/8" water meter service. Motion carried.
 - Michael Sailing's CWA application is for a 5/8" water meter service for a new welding shop.
Motion 2023-019: Motion by Ms. Hibma and seconded by Mr. Costello to approve Michael Sailing's CWA application for one ERU consisting of a 5/8" water meter service. Motion carried.
 - Mike Day's CWA application is for two 5/8" water meters for service to a short plat that he is subdividing.
Motion 2023-020: Motion by Ms. Hibma and seconded by Mr. Formisano to approve Mike Day's CWA application to reflect a total of 2 ERUs with a 5/8" water service meter for each of the two lots. Motion carried.
 - Buchan Homes (Kusak project) CWA application renewal for 11 ERUs. Project has a signed DEA. Water distribution lines have been installed and tested.
Motion 2023-021: Motion by Mr. McKone seconded by Mr. O'Brien to approve renewal of CWA application for 11 ERUs. Motion carried.
 - Tom Boboth Membership: Tom remembers purchasing a membership for his vacant lot (parcel #7880500008) sometime between the late 1990's to 2008. Staff researched old files and monthly billing records and found memberships for 5 neighboring lots that he previously owned, but there are no records of Mr. Boboth having a membership for this parcel #7880500008. Mr. Scott will follow-up with Mr. Boboth on next steps.

BUSINESS REPORT *Ms. Kristina Parker, Director of Finance and Administration made the following report:*

- Several items of interest from newly started staff meetings; ordering business cards for the staff, Ms. Hamerly updated the customer welcome letter, Ms. Laffey is exploring alternatives to Dropbox and other forms of improving communications to our members.
- Congratulations to Ms. Hamerly celebrating her upcoming 1-year anniversary working at Sallal on March 7th.
- Business Insurance is in place and is \$7,400 less than estimated.
- The 2023 Budget and proposed changes to Master Rate Schedule is under development. Ms. Parker provided an overview of several key inputs to the budget. It was recommended that the March Board work study be used to go through the draft budget.
- USDA loan: As mentioned by Mr. Bergman, USDA requires their personnel to perform a walkthrough of Sallal's Office & Shop prior to closing the loan. Lawhead, as the Engineer of Record, will be on hand during the visit.
- Valuation Report: The final report was received from Westwater and placed on the Sallal website.

EXECUTIVE SESSION

Ms. Smutny called the Board into Executive Session at 8:28 pm for the purpose of discussing personnel matters, CWA requests and ERU capacity. All guests and Ms. Hamerly exited the meeting. At 8:39 pm, Mr. Bergman also exited the meeting. Ms. Smutny closed the executive session and returned to regular session at 8:47 pm.

UNFINISHED BUSINESS:

- The Board returned to regular session to discuss the Wagner's leak relief request. Having gone through the Wagner's statement and reviewed the circumstances, the Board agreed that the Wagner's acted expeditiously to correct their leak, even going without water service for 4 days while repairs were made. The Board also recognized that the staff correctly followed the leak relief process per Sallal's Rules and Regulation #42. Therefore, as pointed out by Mr. Jonson, the Wagner's request should be treated as a request to a change to Sallal's leak relief policy. Staff provided further information explaining that it is not uncommon for a leak to occur in one month but not be discovered and corrected until the second month, thereby affecting two billing cycles. After further discussion, the Board saw merit in the Wagner's request and asked staff to evaluate a change to Rule #42. Ms. Parker was asked to bring a rule change proposal to next month's Board meeting and to thank the Wagner's for the quick action repairing their leak and apprising the Board of their situation.

NEW BUSINESS: None

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

COMMITTEE REPORTS

MEMBER ADVISORY COMMITTEE (MAC) Ms. Kristina Parker:

Ms. Parker reported that our four MAC members have been very involved in helping Sallal undertake key roles with our Open House, volunteering to assist at the upcoming Annual member meeting and looking for ways to increase and improve the diversity of MAC members. She stated that Mr. Wise agreed to serve as "acting chair" for the time being and Ms. Jones volunteered to be the backup chairperson and Ms. Baker volunteered to temporarily continue taking meeting minutes.

- Vote to approve January-12, 2023 MAC meeting minutes.

Motion 2023-022: Motion by Mr. Costello and seconded by Ms. Hibma to approve the January 12, 2023 MAC meeting minutes. Motion carried.

- Vote to approve February 13, 2023 MAC meeting minutes.
 - Prior to the vote to approve the meeting minutes, Mr. Costello inquired about some of the representations made under item #2 and #6. Mr. Wise replied that those were an attempt to reflect questions posed by MAC members, discussions that took place, and provide input to the Board. Mr. Costello noted a conservation table of ideas referenced in the minutes was not attached. Ms. Baker confirmed she sent the table to G&O and will email a copy to Mr. Costello.

Motion 2023-023: Motion by Ms. Hibma and seconded by Mr. O'Brien to approve the February 13, 2023 MAC meeting minutes. Motion carried 6 for, 1 opposed (Mr. Costello).

DATA AND TECHNOLOGY COMMITTEE *Mr. Formisano and Mr. Costello*

- Mr. Formisano gave a quick overview of the status of the "To-Do List" placed in Dropbox.
 - G&O is getting close to completing major tasks #3, 4, and 5. WSP chapter 2 tables (task 5) are in draft. Mr. Johnson will provide to the committee for review.
 - Mr. Scott is working to send Well #3 water meter for inspection and calibration (task #6).
 - Need staff to complete assessment and update of the CWA list (task #23) to confirm ERU availability for 2023.
 - As discussed in Mr. Scott's operation report, Ms. Laffey is investigating smart meters and advanced meter infrastructure improvements (task #26). This next generation of meters and infrastructure can be a game changer for improved consumption accuracy, ease and timeliness of meter readings & leak detection. The project will dovetail nicely with the conservation policy project.
 - Task #28 is assessing and possibly implementing advanced analytical tools for staff, engineering and members to assess water usage. This is similar to the analytical tools Tanner Electric uses to provide data and information to its staff and members.

CONSERVATION COMMITTEE *Ms. Kristina Parker*

- Nothing further to discuss than what was earlier reported on G&O starting work on their water conservation proposal and MAC member suggestions.

MOTION TO ADJOURN: Motion to adjourn the meeting at 8:48 pm was made by Ms. Hibma and seconded by Mr. McKone. Motion carried.

Next scheduled meeting:

Board Work study: Monday, March 6, 2023 at 6 pm.

Board Meeting: Tuesday, March 21, 2023 at 6 pm.

Annual Member Meeting: Tuesday, March 28, 2023 at 6 pm.