

**SALLAL WATER ASSOCIATION  
MINUTES OF APRIL 18, 2023 BOARD OF TRUSTEES MEETING**

**CALL TO ORDER (QUORUM PRESENT) 6:02pm**

**MEETING CONVENED AT THE SALLAL WATER ASSOCIATION CONFERENCE ROOM**

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

**Consultants Present:** Mr. Richard Jonson, Attorney; and Mr. Mike Johnson, G&O

**Employees Present:** Ms. Kristina Parker, Director of Finance & Administration; Mr. Tree Bergman, Associate Water Superintendent; Ms. Shawn Hamerly, Office Manager; Ms. Andrea Laffey, Administrative Assistant

**Guests Present:** Mr. Don Deberg, Sallal member and Public Works Engineer, City of North Bend; Mr. Michael Thomas, Sallal member; Ms. Jean Buckner, Sallal member; Mr. Dutch Siedentopf, Sallal member; Ms. Ann Bailey, Sallal member & MAC member; Mr. Don Wise, Sallal member & MAC member; Mr. Marcus Morissette, Sallal member; Mr. Russ Porter, G&O; Ms. Anne Herman, Sallal member; and Mr. Jason Ritchey, Sallal member.

**ENGINEERING REPORT: *Gray & Osborne***

Mr. Mike Johnson & Mr. Russ Porter presented Engineering Report for Water Service Agreement with City of North Bend.

- Questions and conversation followed the presentation. Mr. Costello stated that additional engineering analysis is needed looking into the future taking into account growth in demand from both the City and Sallal water systems. He said the contract exposes Sallal members to curtailment and did not contain banking provisions. Mr. Johnson reviewed the daily limit for Sallal to provide mitigation water and that banking was allowed and intended. Michael Thomas stated more engineering analysis was needed and raised several questions. Marcus Morissette questioned G-O's independence and asked if Sallal and City teams worked in silos. He questioned whether the contract would work. Mike Johnson responded. Jean Buckner questioned whether Sallal's wells were independent from Hobo Springs.  
7/10/2023 Don Wise questioned the effect of North Bend's WCO and noted that Sec. 7.3 could lead to disagreement. Questions, comments and responses continued with several commenting that the G-O analysis was just a start and that much more analysis was needed. Michael Thomas inquired whether Golder & Associates could be re-engaged to analyze future demand scenarios. Mr. Wise stated that future uncertainties should not stop the contract. Mr. Morissette stated that certainty is needed because Sallal will be locked in for 40 years. Ms. Buckner stated that there should be no action on the contract until all of the engineering studies requested in this meeting have been performed. Messrs. Johnson and Porter exited the meeting at 7:19 pm.

### **WATER SERVICE AGREEMENT REVIEW:**

- Ms. Baker reported that Senator Mullet confirmed that 1.5 million dollars of State funds have been allocated to Sallal for the new intertie and water system improvements needed to implement the proposed water supply contract.

### **VISTOR COMMENTS** (Limit time to 3 minutes)

- Mr. Michael Thomas expressed concerns regarding the pending contract with the City of North Bend, specifically, boundary conditions, developer challenges and water storage options.
- Ms. Jean Buckner expressed concern about a conflict of interest regarding the pending contract with the City of North Bend.
- Mr. Dutch Siedentopf expressed concerns regarding Sallal using the same engineering firm hired by the City and what happens if we don't sign this contract.
- Mr. Marcus Morissette echoed Mr. Siedentopf's concerns about the engineering firm being conflicted. The engineers have duty of care to clients. He disagreed that Sallal will be more vulnerable to condemnation if it is in moratorium. He requested additional engineering analysis. He stated that the contract would be the first step in the City taking over Sallal.
- Mr. Don Wise stated that the member comments were important but that should not stop the contract.
- Ms. Ann Bailey expressed concerns about increased costs if the systems are intertied.
- Ms. Anne Herman expressed condemnation concerns.
- Ms. Smutny stated that the contract is needed now to keep Sallal from going into moratorium, and it is not in the best interests of the members for Sallal go to into moratorium.

### **CONSENT AGENDA**

- Vote to approve minutes for the March 21, 2023 meeting
- Vote to approve consultant statements:
  - Jonson & Jonson - \$11,665.00
  - Gray & Osborne - \$5,488.61

Mr. Costello stated he didn't get chance to read the minutes. Ms. Smutney removed the minutes from the consent agenda for consideration at the next regular Board meeting.

**Motion 2023-028:** Mr. McKone moved to approve the Consent Agenda except for the minutes. Seconded by Mr. O'Brien. All voted in favor. Motion passed.

### **CONSULTANT STATEMENTS:**

- Akana - \$2,026.66
  - This invoice exceeds the current contract amount. New amount totals \$677,009.43
- Lawhead - \$4,935.63

○ This invoice exceeds the current contract amount. New amount totals \$514,289.80  
**Motion 2023-029:** Mr. Costello moved to approve Consultant Statements as submitted and to adjust the contract amounts accordingly. Mr. Formisano seconded. All voted in favor. Motion passed.

## REPORTS

### ENGINEERING REPORT

- Rattlesnake Well Auxiliary Generator: Award installation. Bids were reviewed along with G-O's award recommendation.

**Motion 2023-030:** Mr. O'Brien made a motion to award Legacy Power Systems the generator installation contract for \$154,636.62, Mr. Costello seconded. All voted in favor. Motion passed.

### ATTORNEY REPORT *Jonson & Jonson/ Dick Jonson*

- Mr. Jonson reported that franchise negotiations with King County are now put off until 2024.

### OPERATIONS REPORT *Mr. Denny Scott not present. Presented by Mr. Tree Bergman*

- The water system demand is around 400,000 gals per day from all wells.
- Lowering the system chlorine residuals slightly due to comments about taste and smell.
- Riverpoint and Terrel Tanks inspected this month by Integrated Underwater Services. They are in good working condition with a very small amount of sediment. Signed a maintenance agreement which will put us on a yearly Tank inspection schedule.
- G. C. Systems, now called (Cimco-GC Systems) has contacted Sallal to schedule the rebuilding of 5 of our PRV valves for this year; we have them on a yearly maintenance program also.
- Installed a new 12 inch in-line valve to be able to shut down the main going under the freeway at 436<sup>th</sup> and SE 142<sup>nd</sup> St. This will allow us to isolate smaller service areas to do repairs or respond to emergencies.
- Continuing to replace old meters in the system and each month the rereads become fewer.
- Worked with American Leak detection this week and hoping to finish this up next week.
- The 3-inch Mag Meter from Well #3 has been discontinued. We have ordered the new replacement Mag Meter. The cost for each new mag meter would be around \$4,000.
- Have ordered a new Chlorine Analyzer for Well #1 as it is the only well that does not have an analyzer. It won't be installed until September or October of this year.
- We are working on the hydrant maintenance program and gathering information to have in a data system for future needs assessment.
- Mt. Baker Silo company installed new level reading board on the outside of the Rattlesnake and Uplands tanks, and they are working well.
- Buchan Homes has requested a standard 5/8 x 3/4 irrigation meter for its 11 Home project on 436<sup>th</sup>. The meter will only be used on the entrance landscaping and will only be in use about 5 months of the year, (May through September).

- Headquarters Update: Mr. Bergman stated the landscaping has progressed. Next step is spreading compost, then hydroseeding. Ms. Smutny suggested a path of rock to complete the sidewalk by the conference room.
- River run update-completed their project and requested final acceptance. As-builts have been reviewed by G & O along with easement, bill of sale etc. Mr. Bergman recommended approval. Fury has rented a hydrant meter for a temporary water connection to a mobile office. We bill them for \$150 a month.

**Motion 2023-031:** Mr. McKone made motion to accept work performed under River Run developer extension agreement. Mr. Formisano seconded. All voted in favor. Motion passed.

- Three Rivers Estates; missing bill of sale and will wait before recommending final acceptance of the developer extension project. They want another ERU for an irrigation meter and want it to be permanent. Mr. Jonson stated this is a policy issue and was reminded of the Board's request for a draft policy for Board consideration.
- South of I90, a new valve system was installed. Fury construction did the work and it went well. No permit was needed for this project. Mr. Formisano suggested we capture the installation on GIS so future operators will know where valve is and depth of main. Mr. Bergman agreed.
- Boboth – Ms. Parker said an email was sent to the Board regarding several parcels owned by Mr. Boboth with an inquiry whether memberships were issued for all parcels. Discussion followed. It appears that only one membership was issued and in good standing, so he will need to go through the application process for other parcels.

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

- Business Update: Quarterly taxes due by April 30<sup>th</sup>. Backflow report completed and filed with Department of Health. 2023 Backflow letters mailed on April 4<sup>th</sup>. 536 letters mailed, identifying 619 devices to be tested. Starting the annual process of creating 2022 Water Quality Report. Mr. Bergman discovered \$3,095 that should have been billed to the Dalhgren property. Ms. Hamerly sent the bill to Shelter Holdings which was paid. A process has been implemented for Service installation tracking, to track costs and status of installations to help both Operations and Administration keep track of various services. Regarding Delinquent Accounts: 12 delinquency letters were mailed, 6 door hangers were delivered, 0 service shut off, all 12 delinquent accounts were satisfied. The May 1<sup>st</sup> Run-off meeting notice mailed on April 7<sup>th</sup>, and 189 ballots received in the office as of 04-18-2023, and 7 of those set aside for further review. 99 ballots needed to achieve a quorum.
- Informational Meeting: Notice mailed on April 14<sup>th</sup>. The meetings set for 6pm on April 24<sup>th</sup> and May 24<sup>th</sup> and will be held in the shop area of our new headquarters. We also invited representatives from the Department of Ecology and the Department of Health. The meeting will start with the engineer's presentation, then the contract committee, followed by the rebuttal presentation and the guest Q & A session.

- River Run Request: Mr. Adam Behrman of GreyStar, project owner, is requesting a rebate on the connection charges. He is going to attend the meeting May 16<sup>th</sup> and requested the Board to review his request and forward questions to him prior to the meeting.
- Budget is tabled to May 16<sup>th</sup> meeting.
- USDA loan update: The USDA loan is scheduled to close on April 24, 2023.
- The 2022 Audit: 2022 accounting (books) have been closed and preparing for 2022 audit.
- Temporary Operations Position: Ms. Parker will begin the search to fill this position.

**Motion 2023-032:** Ms. Hibma made a motion to approve the Finney Neil & Co. 2022 audit at a cost not to exceed \$30,000. Mr. Formisano seconded. All voted in favor. Motion passed.

## **UNFINISHED BUSINESS**

Ms. Baker made the following motion:

Motion to (1) approve the Agreement for the Wholesale Supply of Water with the City of North Bend in the form and substance as presently presented on the Association's website subject to reasonably obtainable and final modifications acceptable to the Association's Director of Finance and Administration and counsel based on board and member comments that do not alter the basic substance of the agreement, and (2) authorize the Association's president to execute the final form of such agreement on behalf of the Association following the second member information meeting on May 24, 2023.

Ms. Hibma seconded the motion. Ms. Baker stated that she made the motion due to a petition that was circulating to amend the bylaws to eliminate the Board's authority to approve the contract and arguments made by Erroll Tremola that Sallal had a duty to proceed with the contract without delay. Mr. Costello stated that the motion was outrageous and disregards the interests of the members. He reviewed numerous reasons why the draft contract was unacceptable. Discussion ensued. Mr. O'Brien stated that he preferred to wait on this motion until the member information meetings occurred.

- **Motion 2023-033:** Mr. McKone moved to amend Ms. Baker's motion by striking out the 2<sup>nd</sup> part regarding execution. Ms. Baker seconded Mr. McKone's motion and said striking out the authorization to sign will give the Board another opportunity to discuss the contract. Mr. Formisano stated that the Board previously adopted a motion on an earlier contract draft to state that it was generally acceptable and that this motion was unnecessary. The subsidiary motion passed with six votes in favor and Mr. Costello opposing.

Discussion then followed on the amended main motion. Mr. O'Brien stated that he was in favor the draft contract but it was too early to vote on it. Ms. Baker stated that she would vote in favor in order to avoid being named in a lawsuit for not acting promptly on the contract. Mr. Formisano stated that the petitions presently circulating were speculative. Lengthy discussion followed concerning what would happen if the Sallal goes back into moratorium. Ms. Hibma discussed financial and insurance implications of a moratorium. Mr. Jonson requested that Mr.

DeBerg exit the meeting for approximately five minutes so that contract terms pertaining to rates could be discussed. Mr. DeBerg re-entered the meeting following that discussion. Ms. Baker reviewed seven major points from the contract.

**Motion 2023-034:** Ms. Smutny called for the vote on the amended main motion. Ms. Smutny, Ms. Baker, Ms. Hibma and Mr. McKone voted in favor. The motion was opposed Mr. Costello, Mr. O'Brien and Mr. Formisano. Motion passed 4 to 3.

- Mr. Formisano said we need to get a better handle on ERU's available. Ms. Parker said she will work with Mr. Scott on this. Mr. Formisano said Ms. Laffey doing a great job with regard to looking to these smart meters to see if cost effective and beneficial.

**EXECUTIVE SESSION** – Ms. Smutny called for an executive session at 9:21 pm to discuss personnel issues, legal matters with counsel and other confidential matters. All guests exited the meeting. The executive session was concluded at 10:12 pm and the regular session of the meeting resumed.

## **NEW BUSINESS**

### **ITEMS TO TRACK & COME BACK TO IF THERE IS ACTIVITY COMMITTEE REPORTS**

**MEMBER ADVISORY COMMITTEE** *Kristina*  
Ms. Smutny said next MAC meeting was cancelled.

**DATA AND TECHNOLOGY COMMITTEE** *Rich/Larry*

**CONSERVATION COMMITTEE** *Kristina*  
Draft of the conservation policy will be presented at the May 16<sup>th</sup> board meeting.

**MOTION TO ADJOURN:** Motion to adjourn the meeting at 10:14pm was made by Mr. McKone, seconded by Ms. Baker and unanimously approved.

**Next scheduled meeting:**

**Special Revote Meeting: May 1, 2023 at 6 pm**

**Board Meeting: Tuesday, May 16, 2023 at 6 pm**

**Member Informational Meeting: May 24, 2023 at 6 pm**