

**SALLAL WATER ASSOCIATION
MINUTES OF JANUARY 20, 2026 BOARD OF TRUSTEES MEETING**

Board members present: Shawn McKone (Vice President), Larry Costello (Treasurer), Eric O'Brien (Secretary), Rich Formisano, Bill Iverson and Emilie Moore. (Ms. Moore was present for the portion of the meeting shown below).

Consultants present: Richard Jonson, Attorney; Mike Johnson, Engineer.

Employees present: Devin Mettler, General Manger; Tree Bergman, Superintendent.

CALL TO ORDER

Mr. McKone opened the meeting at 6:00 pm.

VISTOR COMMENTS

Michaeal Thomas – Mr. Thomas did not attend.

Ann Bailey – Ms. Bailey read a prepared statement regarding the presence of PFAS in the ground water at the Washington State Fire Training Academy located a few miles to the east. She requested the Association to contact the Dept. of Ecology and the Academy to request additional water quality testing and to determine if PFAS is migrating in the ground water towards the Association's wells.

Jean Buckner – Ms. Buckner supported Ms. Bailey's request and requested a copy of the Association's manual governing operation of the new interties with the City for the purpose of review by a hydrologist. Mr. Costello stated that operational materials were under development, and the Board would decide whether the request was proper. Mr. McKone stated that a written document request must be submitted in order for the Board to make that determination.

CONSENT AGENDA

- Minutes of December 16, 2025 Board meeting
- Consultant statements:
 - Advantage Accounting - \$675.00
 - Gray & Osborne - \$15,473.31
 - Jonson & Jonson - \$2,235.00

Motion 2026-01-20-01 by Mr. Iverson and seconded by Mr. Costello to approve all items on the consent agenda including all edits to the meeting minutes as submitted. Motion passed unanimously.

ENGINEERING REPORT (Mike Johnson, G&O)

- North Bend Intertie Update – Project is complete including all testing and preparation of O&M manual; approval recommended for payment of progress payment #10 for all amounts remaining due under the contract except for release of the retainage. Discussion followed.

Motion 2026-01-20-02 by Mr. Costello and seconded by Mr. O'Brien to approve payment of Anvil Construction Project Estimate #10 in the amount of \$19,537.50. Motion passed unanimously.

Mr. Johnson and Mr. Bergman recommended acceptance of the intertie project as complete. Discussion followed.

Motion 2026-01-20-03 by Mr. Costello and seconded by Mr. O'Brien to accept physical completion of the North Bend Intertie and Booster Station project contingent on the submission of all required PWIA documentation to the WA Dept. of Labor & Industries and authorize signing of final voucher certificate. Motion passed unanimously.

- Well #2 VFD – Air conditioner unit replacement work is complete; approval of Progress Estimate #6 recommended; Mr. Costello noted that the prior board authorization did not include sales tax.

Motion 2026-01-20-04 by Mr. Formisano and seconded by Mr. O'Brien to approve payment of Gary Harper Construction Progress Estimate #6 in the amount of \$40,567.19. Motion passed unanimously.

- Gary Harper Construction – Physical Completion – project acceptance recommended. Discussion followed.

Motion 2026-01-20-05 by Mr. Formisano and seconded by Mr. Iverson to accept physical completion of the Well #2 Upgrades Project contingent on the submission of all required PWIA documentation to the WA Dept. of Labor & Industries. Motion passed unanimously.

- Mt. Si Rd Roundabout Mainline Replacement – Bid Tabulation and Award – Bid tabulation containing 13 bids reviewed; bid protest from Fury Siteworks, Inc. reviewed; qualifications of the SLE, Inc. reviewed; further discussion deferred regarding the bid protest for consultation with counsel in executive session later in the meeting.
- Mt. Si Roundabout – G&O Construction Management Proposal - \$94,300 – G-O construction management proposal was reviewed and discussed.

Motion 2026-01-20-06 by Mr. Costello and seconded by Mr. Iverson to approve G&O proposal for construction management of the Mt. Si Roundabout Project with total costs not to exceed \$94,300.00 and authorize staff to execute necessary documentation. Motion passed unanimously.

- Well No. 1 Replacement Drilling - precon held; anticipated start date is March 1, 2026.
- Water Use Projection Analysis – Update - Draft preliminary report presented; Mr. Costello noted several issues with the report and requested a work study session in February to review in detail; Mr. Mettler to schedule a work study session.

OPERATIONS REPORT (Tree Bergman)

- Project Updates/Q&A - Water usage, DSL and water quality testing reviewed; no detection of PFAS; developer projects reviewed.
 - SCADA/Middlefork Tank Control Panel – Payment of invoice to MT Electric recommended; Systems Interface will be integrating the panel into the SCADA system.

Motion 2026-01-20-07 by Mr. Iverson and seconded by Mr. Formisano to approve payment of MT Electric invoice in the amount of \$28,392.00. Motion passed unanimously.

- Well #4 VFD – Emergency Repairs (Motion 2025-11-18-07 – Ashford Electric) – work is complete and payment of invoice recommended.

Motion 2026-01-20-08 by Mr. O’Brien and seconded by Mr. Costello to approve payment of Ashford Electric invoice for the emergency repair and replacement of the Well #4 VFD panel in the amount of \$31,769.60. Motion passed unanimously.

- Well #2 Service Surge Arrestor – Quotes for the replacement arrestor were recently received and are being evaluated by Mr. Bergman.
- Well #1 & Well#2 – Flow Meter Install - \$10,553.60 – work is complete and payment recommended. Connection of the flow meters to SCADA is still in progress as part of the SCADA transition to Ignition.

Motion 2026-01-20-09 by Mr. Costello and seconded by Mr. Formisano to approve payment of Ashford Electric invoice for the installation of flow meters at Well #1 and Well #2 in the amount of \$10,553.60. Motion passed unanimously.

- CWA Application – PJO NW/Mountain View TH – 81 ERU’s (56 SFR. 9 IRR. 16. COM) – stamped calculation from developer’s engineer for estimated water use reviewed; the calculations appear reasonable although commercial usage could vary depending on ultimate occupancies; CWA’s are just estimates and actual service is dependent on compliance with the Associations rules and rates; issuance of CWA recommended. Discussion followed.

Motion 2026-01-20-10 by Mr. O’Brien and seconded by Mr. Costello to authorize issuance of a CWA to PJO NW Development for Parcel #s 1023089057, 1023089052, 1023089032 and 1023089049 for estimated proposed improvements representing 81 ERU’s. Motion passed unanimously.

BUSINESS REPORT

Treasurer’s Report (Larry Costello)

- Financial Investments – Financial reports posted to Dropbox were summarized; authorization requested for investment of approximately \$200,000 in proceeds from bond liquidations into existing money market funds.

Motion 2026-01-20-12 by Mr. Costello and seconded by Mr. Formisano to authorize moving \$200,000.00 investment of proceeds from bond liquidations from Fidelity Money Market Fund SPAXX into FISXX and FSIXX, to be distributed equally. Motion passed unanimously.

GM Report (Devin Mettler)

- 2026 Water Use Plan – Overview - Plan posted to Dropbox reviewed and discussed; City’s needs for mitigation water are weather dependent and flexibility is needed to address the unexpected. Discussion followed. Mr. Mettler is recommending to begin banking water immediately for mitigation in 2026. He clarified that replenishment water from North Bend for the amount of mitigation provided to the city in 2025 was fully received by the end of 2025.

Motion 2026-01-20-13 by Mr. Iverson and seconded by Mr. Costello to approve 2026 – Water Use Plan dated 1-12-26 as presented. Motion passed unanimously.

EXECUTIVE SESSION

Mr. McKone called for an executive session at 7:55 pm to review personnel matters and to discuss legal issues with counsel. The time estimated for the session was 45 minutes and Ms. Bailey, the only guest remaining (Ms. Buckner previously exited the meeting), declined to wait for the regular session to resume and exited. Ms. Moore joined the meeting. Messrs. Mettler, Bergman and Johnson exited the executive session at various times. Mr. Mettler returned later in the executive session. At 8:50 pm, the executive session was concluded and the regular session of the meeting resumed. Mr. Bergman returned to the meeting.

- 2026 CIP Budget – Approval – The 2026 CIP Plan and Budget were discussed.

Motion 2026-01-20-14 by Mr. Iverson and seconded by Mr. Costello to approve 2026 CIP Plan and Budget. Motion passed unanimously.

- 2026 Budget – Approval – The 2026 Budget was discussed.

Motion 2026-01-20-15 by Mr. Iverson and seconded by Mr. Costello to approve 2026 Budget. Motion passed unanimously.

Ms. Moore exited the meeting.

- Mt Si Rd Roundabout Mainline Replacement – Discussion resumed regarding the qualifications of the low bidder and bid protest by Fury Site Works, Inc.

Motion 2026-01-20-16 by Mr. O’Brien and seconded by Mr. Costello to award Mt Si Roundabout Project to SLE, Inc. with total construction costs based on its bid of \$828,549.04 to complete Schedules A and B and authorized staff to execute necessary documentation.

- Annual Member Meeting/Board Vacancy Dates – Mr. Mettler reported that no one has applied to fill the vacant seat; additional efforts to solicit candidates discussed; Mr. Costello reminded to post last year’s draft member meeting minutes to the Association’s website; Board to review and approve member meeting packet at next Board meeting prior to printing and mailing; annual meeting will be administered by Sallal staff.
- City of NB Reimbursement – Update – Covered in the Treasurer report.
- Pacific Premiere – Umpqua – Columbia – Information – Mr. Mettler reported on an upcoming bank merger that may affect the Association’s accounts.

Attorney Report (Richard Jonson)

Mr. Jonson reviewed proposed draft changes to Rules 35 through 38 and to Rule 42. Discussion followed with direction to submit revisions.

Mr. Costello inquired on the status of proposed changes to the Procurement Policies initially discussed during the November 2025 meeting. Mr. Mettler advised this matter will be on the February meeting agenda.

UNFINISHED BUSINESS

- North Bend Draft Water System Plan – Mr. Mettler reported on the City’s draft 2026 update to its water system plan which has been posted for public comment; service area showing the National Guard site remains in the City’s water service area notwithstanding owner’s previous election to get water from Sallal as authorized by a recorded development agreement with the City; Mr. Jonson was requested to prepare a draft response to the City.

Mr. McKone exited the meeting.

NEW BUSINESS

- PFAS risks and Fire Training Academy – Lengthy discussion followed regarding the vulnerability of Well No. 3 to PFAS from the training academy site; the Academy’s application for on-site waste and storm water treatment are unrelated but have triggered public input regarding PFAS exposure; the Association will work on a written request to the Dept. of Ecology to conduct or require more ground water testing, assist with determining the potential vulnerability of Well No. 3 and assist with the possible change of water rights associated with Well No. 3 to the wells at Rattlesnake.

Upon motion made by Mr. Costello, seconded by Mr. Iverson and unanimously passed, the meeting adjourned at 10:26 pm.

Submitted by:
Richard Jonson, counsel

Next scheduled meetings:
Board Meeting: Tuesday February 17, 2026 at 6 pm