

**SEAL ROCK WATER DISTRICT
MINUTES OF THE
Regular Board Meeting
July 13, 2017**

Call Regular

Board Meeting: Board President John Garcia called the regular board meeting to order at 4:00 p.m., Thursday, July 13, 2017.

Present: John Garcia, Board President; Glen Morris, Treasurer; Sandra Mies-Grantham, Secretary; Karen Otta, Member; Rob Mills, Member. Staff: Adam Denlinger, General Manager; Joy S King, Office Manager. See sign in sheet for public attendance.

Excused Absences: None

Official Oath of Office: Commissioners Sandra Mies-Grantham position 1 and John Garcia position 2 were re-elected on May 11, 2017 for another four years term. Karen Otta, who was appointed in place of John Filbert when he resigned, was elected to position 3 for a four years term. Each took their oath of office and Joy King notarized their oath.

Announcements: Joy King announced the monthly stipend for each board member has been directly deposited to their bank account. The District received 5 training DVDs from SDAO. They are available for board members to borrow.

Public Comments: None

Agenda Calendar: Items on the consent calendar are Invoice Lists for June/July 2017; minutes of the June 8, 2017 regular board meeting; June/July Financial Report/Invoices to approve; USDA Phase 3- Project Monitoring Report No. 21; General Manager's Report. Glen Morris motioned to approve the consent calendar. Motion Seconded by Rob Mills. Motion carried unanimously.

Discussion and Information

Items:

Primary Source Water

Potential Risk Analysis: The General Manager, Adam Denlinger went over with the Board the Potential Risks Analysis that the District could face in undertaking Phase IV Source Water Project and asked the Board's input. These risks are something that could affect and delay the project but not one that can stop or one that can result in an incomplete project.

Environmental and Permitting is a process that takes time. If the proper process is followed the District should be able to get the needed permit. There will be a public comment period before the permit is issued and if there's any issues it could be addressed then. It was discussed that it is advantageous to work simultaneously with the different agencies and stakeholders which staff had done when applying for water rights at Beaver Creek with positive results.

Easements and Access Agreements - Staff have been working with the property owners by engaging them by touring the proposed project sites. Part of the survey will be done next week. The owner of the property surrounding the Makai tank is willing to sell strips of land needed on both sides to have room for construction and maintenance. The District also can negotiate an easement agreement for the property surrounding the Makai Tank. Staff will continue to work with the property owners. Any legal agreements for easements will be taken care of by Jeff Hollen, SRWD attorney.

Project Funding - It is unlikely that the District will only have one source of funding for the Water Source Project which is a 3-part project – the intake, the water line, and the tank. Funding is not yet in place but staff has filed applications at USDA-RD and IFA. There's a potential that the District will be notified by USDA-RD regarding funding in September. There is a concern of what impact the federal government has on future projects. Staff has submitted a Letter of Intent to apply for funding to IFA which has been approved for the District to file an application for loan and grant. Staff has completed and submitted the application. An application for FEMA Hazard Mitigation Grant Program was also submitted but the District didn't get funding. Applying for bank loans was also discussed.

Water Purchased Agreement - The District has a contractual obligation to give a 3-year notice to the City of Toledo of its intention to terminate the contract. The timing and

66 alternative solutions were discussed. Staff had met with city staff in an annual meeting
67 here at the District and showed them the project presentation so they are aware of the
68 District's Source Water Project. It was also discussed that the District desires to develop
69 an emergency agreement for water supply. But there is a lack of responsiveness from the
70 City of Toledo which affects the timing. Once the notification letter is given to the City the
71 3-year clock starts, that's why it is important to open a communication with the City. Jeff
72 Hollen drafted a proposed amendment to the contract. It was the consensus of the Board
73 for the General Manager and the Attorney to work in engaging the City of Toledo to
74 discuss opening the contract for negotiation. It was also discussed to have work sessions
75 to discuss the progress of meeting with City of Toledo.

76 Communication, Outreach and Education - This method is very important to involve the
77 community to avoid opposition when it's time for public comments when obtaining the
78 permit for project construction. The District had used this method in the past before going
79 out for a ballot measure for \$15 million to fund the projects and the result was very
80 positive. The General Manager has been invited to do a project presentation for the
81 Pacific Shore homeowners association on July 29.

82 Engineering Costs to complete the pre-design tasks include permitting for \$114,000,
83 Geotechnical Investigation for \$51,000 and pre-purchase of membrane filtration
84 equipment for \$38,000. Funding for this cost will come from the District's reserve fund.
85 The District will use its own field staff to take the Makai tank down which will save the
86 District roughly \$12,000.

87 Staffing or Board of Commissioner Changes - The District has been successful using
88 federal funding largely because of the philosophy of the board and an experienced work
89 force. A change in staffing or change on Board Philosophy could seriously impact the
90 project timeline.

91 The District has been successful in obtaining financing and permitting by using means that
92 brought the best result. These means are Engagement, Outreach, Communication, and
93 Education. The District will continue to apply these means in obtaining success for future
94 projects.

95 Bond Counsel
96 Services RFP:

97 Three bond counsel firms from Portland responded to the District's RFP for bond counsel
98 services. The three firms are Mersereau – Shannon, Orrick, and Hawkins Delafield &
99 Wood LLP. The General Manager suggested to have a Panel of Review Committee
100 consisting of staff and a board member to go over and review the 3 proposals and
101 schedule interviews. The review panel would be Adam Denlinger, Joy King, and
102 commissioner Glen Morris.

103 Decision Items:
104 SRWD/City of Toledo
105 Contract:

106 Resolution No. 0717-01 is a resolution authorizing the District to terminate the December
107 27, 2012 SRWD/City of Toledo Water Purchase agreement. Glen Morris motioned to differ
108 the decision for 90 days and bring the resolution back in the October board meeting for
109 approval. Motion seconded by Karen Otta. Motion carried unanimously. It was discussed
110 that it is necessary to meet with the City of Toledo to negotiate an amendment to the
111 contract. Glen Morris motioned to authorize the General Manager and the Attorney to
112 initiate a meeting with the City of Toledo to negotiate an amendment to the Water
113 Purchase Agreement and meet in work sessions with the Board to discuss the progress of
114 the negotiation with the City of Toledo. Motion was seconded by Sandra Mies-Grantham.
115 Motion carried unanimously.

116 AMI Project
117 Contract Award:

118 Contract Review Board: The General Manager reported to the Contract Review Board regarding the bid for the
119 AMI and PRVs Project. The District received one bid from a qualified bidder for two
120 schedules of work. Schedule 1 to install the AMI System and Schedule 2 to replace two
121 Pressure Relief Valves in the south portion of the system. The qualified bidder is
122 Ferguson and the sub-contractor is Ray Wells Construction, the bid for Schedule 1 is
123 \$1,799,180.19 and the bid for Schedule 2 is \$124,814. The total bid of the two Schedules
124 is \$1,923,994.19 which is a lot higher than the remaining available grant funding which is
125 \$1,659,176. For the project to be completed it is necessary to eliminated some bid items
126 that are not necessary for the installation of the AMI project. District staff and the engineer
127 have reviewed the bid proposal for specific items that could be scaled back to align the
128 project with grant funding. Some items being considered are: removing Schedule 2,
removing SCADA integration, construction inspection could be performed by a District

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senior operator, and removing the installation of private customer valves that will be provided at request of the customers for purchase.
If there is enough savings at the completion of the AMI project, the Board may approve to do Schedule 2 which could be partly funded from the District's reserve fund. Civil West Engineering recommends to award the AMI Project to Ferguson Enterprises for Schedule 1 and Schedule 2.

Serving as a member of the Contract Review Board, Glen Morris motioned to authorize the General Manager, Adam Denlinger to award and execute a contract with the most responsible bidder for the installation of an Automated Meter Integration (AMI) System, and the replacement of two Pressure Relief Valves (PRVs). Motion was seconded by Rob Mills. Motion carried unanimously.

Executive Session: None
Next Board Meeting: August 10, 2017 @ 4:00 pm Regular Board Meeting.
Adjournment: John Garcia adjourned the meeting at 6:25 p.m.

Approved by Secretary

Date