

SEAL ROCK WATER DISTRICT
MINUTES OF THE
Regular Board Meeting & Budget Hearing
by Zoom Conference Call and In Person
May 12, 2022

Introduction to Remote Meeting:

Denlinger, General Manager, explained that this board meeting is being conducted remotely and in person. Due to limited capacity for in person meetings, the public is invited to attend this meeting electronically. He further explained that the Board President will call each name to confirm those who are present by zoom conference. After each person hears their name, they need to reply. For each decision item on the agenda that needs to be approved, after discussion and deliberation, the Board President will call each name of the commissioner for their vote. After the commissioners hear their name, he or she will give the vote to the affirmative by saying YES or negative by saying NO.

Call Regular Meeting to Order:

President Rob Mills called the regular board meeting to order at 4:00 p.m., Thursday, May 12, 2022.

Present:

President Rob Mills confirmed that all commissioners present can hear each other by doing a roll call. Present by Zoom Conference Call were Commissioner Karen Otta, Treasurer; Commissioner Sandra Mies-Grantham, Secretary; and Attorney Jeff Hollen, Legal Counsel. Present in person in the Board room were President Rob Mills, Board President; Commissioner Glen Morris, member; Commissioner Paul Highfill, member. Staff: Adam Denlinger, General Manager; Trish Karlsen, Bookkeeper.

Excused Absences: Joy King-Cortes, Office Manager.

Announcements/Public Comments:

President Rob Mills asked if there are any announcements. Commissioner Karen Otta had no announcement; Commissioner Sandra Mies-Grantham had no announcement; Commissioner Glen Morris had no announcement; Commissioner Paul Highfill had no announcement; General Manager Adam Denlinger had an announcement. He presented a Revised Contractor's Pay App. #23 to the Board. He also provided a summary budget for continued engineering services by Jacobs Engineering in the amount of \$115,735.00, which will be included on Amendment No. 2 (EJCDC E500 Amendment), Amendment to provide continued engineering services through June 30, 2022. Our engineering budget is near or at its end due to the delay in completion of the Beaver Creek Phase 4 project. Jeff Hollen, Legal Counsel had no announcement; President Rob Mills announced that he attended Adam Denlinger and engineer for Jacobs Engineering, Jennifer Koch's presentation at Salishan in Lincoln City for the Professional Engineers of Oregon Annual Conference. He said it was nice to see the interest in our water project.

Public Comments/Visitors: Jim Hauffman, present by Zoom Conference.

Consent Calendar:

Items on the consent calendar are April/May 2022 Invoices List; April 21, 2022, Budget Committee Meeting Minutes; April/May 2022 Financial Report/Invoices List for approval; Business Oregon IFA Disbursement Request No. 43; USDA Phase IV PMR No. 23; Contractor's Pay Request No. 23 Revised; and General Manager's Monthly Report. President Rob Mills asked if each commissioner has reviewed the items on the consent calendar. Commissioner Karen Otta answered YES; Commissioner Glen Morris answered YES; Commissioner Sandra Mies-Grantham answered YES; Commissioner Paul Highfill answered YES and President Rob Mills answered YES. Commissioner Karen Otta motioned to approve the consent calendar. Commissioner Sandra Mies-Grantham seconded the motion. President Rob Mills noted that the April 14, 2022, Regular Board Meeting Minutes are not included. Discussion followed. GM, Adam Denlinger brought out that those minutes will be completed and presented at the June board meeting. President Rob Mills asked for the commissioners' votes. The motion was passed unanimously.

Discussion and Information Items:

Source Water Project Update:

GM, Adam Denlinger reported to the Board that 2 new Variable Frequency Drives (VFDs) were delivered to the Beaver Creek intake pump station to replace the two drives that were damaged due to an overload of power. The VFDs control the pump motors that withdraw water from the intake. Both VFDs have been installed and have gone through functional testing and are operational. Based on the recommendation of our Engineers, they are going to do a thorough evaluation of the operation of the intake & water treatment plant before bringing the water treatment plant back online. An evaluation that was completed by the primary electrical engineer with regard to what caused the VFDs to fail. The electrical panel installed by the contractor that receives the energy from the transformer that was installed by CPI, was not grounded properly. This allowed spikes in power to make it through the panel & into the station where it damaged both VFDs. We are still evaluating information from the engineer and from CPI. We are supposed to have an independent third-party study of how the system was installed, this study has not been completed. But at this point, the issue with the failure of the equipment is

64 due to wiring not being installed correctly. We hope to bring the water treatment plant online based on the recommendation
65 of the electrical engineer. There was an opportunity to purchase a third VFD, a shelf unit that we would maintain and keep
66 in the system in the event one of the other units fail in the future. President Rob Mills asked if the third-party evaluation is
67 being arranged. GM, Adam Denlinger stated that yes, it is being arranged by the Contractor. The sub-contractor, Reese
68 Electric, that installed the electrical to the station will contract with another electrical contractor to do the third-party
69 evaluation. There is an opportunity to bring in The Automation Group, Inc. (TAG) to do this evaluation. TAG also installed
70 the replacement VFDs for us. The contractor is finishing up final work including punch lists and a few other issues that
71 need to be corrected before we can finalize the project. The contractor is requesting that we do a final walk-thru with the
72 engineer and the owner in 2 weeks. There is a potential that we could see a completed project within the next couple of
73 weeks. Commissioner Karen Otta asked if there were any ongoing issues with the VFDs at the water treatment plant and
74 the cement grinding issue. GM, Adam Denlinger stated that TAG cleaned the VFDs, they were able to break apart the
75 drives and the batteries, and were successful in removing all the cement dust. They have been restored to their original
76 condition and are operating as they should. Karen asked how we know that they got all the dust. Adam replied that all the
77 dust did not get sucked into the unit. TAG filmed and photographed their process and will provide us with a full report on
78 their process. The engineer seemed satisfied with the work. Karen also had a question that if something happens in the
79 future, do we have a warranty? Adam said that we will ask for an extended warranty. Adam said that it was a pretty
80 thorough process of cleaning all the material out of the VFDs.

81
82 **Draft MOU for Joint Water Supply between City of Newport and SRWD:**

83 District staff and counsel have been collaborating with the City of Newport for several years to develop an MOU for the use
84 of the emergency intertie between the two distribution systems. The proposed draft MOU includes a rate structure for the
85 purchase of wholesale emergency water use for consideration by the board. The GM, Adam Denlinger stated that both
86 parties would pay a cost in equal amounts. This kind of shared rate is common. The actual MOU will be forthcoming at a
87 future board meeting for approval by the board.

88
89 **Decision Items:**

90 **Resolution No. 0522-01:**

91 Resolution No. 0522-01 Extending Reserve Funds. This is a resolution to extend necessary reserve funds for
92 SLARA/Depreciation Reserve Fund, to replace depreciated items needed; System Development Charges Reserve Fund, to
93 improve the District's water system; and the Water Source & Distribution System Improvement Reserve Fund, to maintain
94 and enhance water sources & improving SRWD distribution system. Reserve Funds must be extended by resolution.
95 Commissioner Glen Morris motioned to approve Resolution No. 0522-01. Motion seconded by Commissioner Karen Otta.
96 Commissioner Glen Morris brought out that there was one fund that was recommended to not be extended at the next
97 Budget Meeting next year, and that was the SRWD Land/Building Reserve Fund. The motion was passed unanimously.

98
99 **Appointment to Budget Committee:**

100 Ronald Anderson who resides in the Seal Rock Water District service area put in an application to be considered to fill the
101 vacant position on the Budget Committee. President Rob Mills stated that Ronald Anderson likes the idea of serving the
102 public. Commissioner Karen Otta motioned to appoint Ronald Anderson to fill the vacant position on the Budget Committee
103 and will serve the remaining term of James Senn. Motioned seconded by Glen Morris. The motion was passed
104 unanimously. GM, Adam Denlinger will formally contact Ronald Anderson to inform him that he is the newest member of the
105 Budget Committee.

106
107 **Budget Hearing:**

108 At 4:41 p.m. President Rob Mills opened the public hearing in accordance with ORS Chapters 294.453 and 294.456, to
109 conduct a public hearing to receive public testimony regarding the SRWD FY 2022-23 budget approved by the Budget
110 Committee who held a Budget Committee meeting on April 21, 2022. The Notice of Budget Hearing was published in the
111 News-Times on April 29, 2022, and was also posted on the district's website. The district did not receive any comments
112 from the public. The Board did not make any changes to the Budget approved by the Budget Committee.
113 President Rob Mills closed the public budget hearing at 4:42 p.m.

114
115 **Reports, Comments, and Correspondence:**

116 The District office will be closed Monday, May 30th in observance of the Memorial Day Holiday.

117
118 **Adjournment:** Commissioner Karen Otta moved to adjourn the meeting. Commissioner Paul Highfill seconded the motion.
119 President Rob Mills adjourned the meeting at 4:47 p.m.

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121 **Next Board Meeting:** June 9, 2022, at 4 p.m. Regular Board Meeting.

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125 Approved by Board President

Date: