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SEAL ROCK WATER DISTRICT
MINUTES OF THE Regular Board Meeting
June 13, 2019

Call Regular Board Meeting:

President John Garcia called the regular board meeting to order at 4:00 p.m., Thursday, June 26, 2019.

Present:

Commissioner John Garcia, President; Commissioner Glen Morris, Treasurer; Commissioner Rob Mills, member; Commissioner Karen Otta, member. Staff: Adam Denlinger, General Manager; Joy King, Office Manager. Jeff Hollen, Legal Counsel. See sign in sheet for public attendance.

Excused Absences: Commissioner Sandra Mies-Grantham

Announcements: None

Public Comments: None

Agenda Calendar:

Items on the consent calendar are Invoice Lists for May/June 2019; May 9, 2019 Regular Board Meeting Minutes; May/June 2019 Financial Report/Invoices to approve; USDA Project Monitoring Report No. 44; and General Manager's Report. Commissioner Karen Otta motioned to approve the Consent Calendar. Motion was seconded by Commissioner Rob Mills. Motion carried 4 – 0.

Discussion and Information Items:

Draft USDA Letter of Condition (LOC):

Holly Halligan, USDA Program Specialist went over and discussed the draft Letter of Conditions with the Board. It was discussed to obligate the funds in July when the interest rate is 2.75% compared to the current 3.375%. It will save the District about \$1 million in interest through the life of the loan. The USDA-RUS Loan secured by General Obligation Bond is \$6,549,000; the USDA-RUS Loan secured by Revenue Bond is \$2,547,000; and the USDA Grant is \$2,799,500. There is also a loan and grant from Business Oregon IFA in the amount of \$3,481,000. Total amount to fund the Beaver Creek Source Water Project is \$13,760,000 and the amount to refinance the Line of Credit is \$1,616,500. The G.O. Bond loan of \$6,549,000 with 2.75% interest rate payable in 25 years will have an annual payment of \$365,697. The Revenue Bond Loan of \$2,547,000 with 2.75% interest rate will have an annual payment of \$125,797. A Debt Service Reserve Fund for the Revenue Bond is required which is equal to at least one annual loan payment that will accumulate at the rate of 10% (\$12,579.70) per year for 10 years. A Short-Lived Asset Replacement Account (SLARA) is also required. That amount is \$112,564 deposited into the SLARA annually for the life of the loan to pay for repairs and or replacement of major assets based on the preliminary engineering report schedule of short-lived assets. It was discussed that the funds to be used first for the project will be Business Oregon- IFA loan and grants before USDA loan funds. USDA grant funds will be the last one to be expended. After the project is completed, any remaining loan and grant funds not needed will be de-obligated or canceled. Under Environmental Requirement, it was discussed that USDA-RUS is not physically, financially or legally responsible or able to log, collect, document or submit reports to governmental agencies as indicated in section 2.9.4 "Terms and Conditions", item 4 of the Biological Opinion, dated April 3, 2019; therefore USDA-RUS is requiring the Seal Rock Water District to incorporate all non-discretionary Terms and Conditions and Monitoring and Mitigation into the Beaver Creek Raw Water Supply Intake Project. Furthermore, USDA-RUS recommends the applicant incorporates all Conservation Measures as recommended in the Biological Opinion, dated April 3, 2019, in the Construction Contract. A copy of the draft Letter of Conditions has been forwarded to the engineer who will amend the construction contract to comply with USDA-RUS requirements. The District has contracted with GSI to monitor the flow and water temperature of Beaver Creek to comply with the requirements of its water permit. This flow and water monitoring by GSI also complies with the BiOp requirements. The monitoring and reporting requirements will continue even after the project is completed as required by OWRD as a condition of the District's Beaver Creek water permit. Staff and consultants are continuing to follow up on the approval process and conditions that need to be completed before the project can go out to bid. The Army Corps Permit is in process with an expected approval date in late July. The District was notified earlier in the week that our Corp Permit application was withdrawn for lack of response, but it

61 was an error by the agency as they were referencing the wrong permit number. This sets the permit application
62 behind. The County Use Permit is in process and currently in administrative review. According to Mr. Onno Husing,
63 notice of decision and staff report from Lincoln County Planning could be expected today. The County will send out a
64 letter to each property owner within 500 feet of the project for a 30 days comment period. The Project Final Design is
65 currently under OHA review for approval. There are two right-of-ways and easements that are currently being
66 negotiated and one proves to be difficult and will be discussed in executive session. David Ulbricht, the District
67 financial advisor has the draft Letter of Conditions and is in the process of putting together the RFP for interim
68 financing. Bond Counsel has already drafted the Bond Documents and will make minor adjustments using the
69 information from the draft Letter of Conditions. Project Final Design is at 100% complete and has been reviewed and
70 approved by Mike Beyer, USDA State Engineer. Commissioner Glen Morris motioned to accept and approve the
71 USDA draft Letter of Conditions and authorize Adam Denlinger, GM to execute the final Letter of Conditions when
72 received. Commissioner Karen Otta seconded the motion. Motion carried 4 – 0.

73
74 **City of Waldport Intertie Project:**

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76 The City of Waldport provided a presentation regarding the proposed emergency intertie connection between the City
77 of Waldport and Seal Rock Water District. A copy of the presentation is attached. Once the presentation is approved
78 by the Waldport City Council we will place it on our website. Next step for the City of Waldport includes searching for
79 available funding options to support the construction effort to connect the two systems. Holly Halligan, USDA Project
80 Specialist recommended for the City of Waldport to set up a One Stop Meeting with funding agencies.

81
82 **Decision Items:**

83 **Budget FY 2019-20:**

84
85 The Board and staff reviewed the Budget for FY 2019-20. Commissioner Karen Otta motioned to approve Resolution
86 No. 0619-01 (see attached Resolution), A resolution adopting the FY 2019-20 Budget in the amount of \$22,206,858; a
87 resolution making appropriations for the fiscal year beginning July 1, 2019; a resolution imposing the tax for tax year
88 2019-20 beginning July 1, 2019, at the permanent rate of \$.1259 per \$1,000 of assessed value for the General Fund
89 Operations and in the amount of \$773,700 for debt service on the General Obligation Bonds; and a resolution
90 categorizing the tax. Commissioner Glen Morris seconded the motion. Motion carried 4 – 0.

91
92 **Mid-Coast Water Planning Partnership Request (MCWPP):**

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94 The WCWPP is in need to raise the remaining \$100,000 of the estimated \$750,000 goal to sustain the Partnership
95 and successfully build an Integrated Water Resources Plan (IWRP). Without these funds, the MCWPP will cease to
96 exist and our communities will be forced to fight this challenging issue alone. With a strong show of local support, the
97 local investment will be doubled with matches from public and private philanthropic funding agencies. The City of
98 Newport has invested heavily in the regional effort and has been the fiscal agent and a major financial contributor to
99 the Partnership since its creation as one of the four Place-Based Planning Pilot Projects in the State of Oregon. A
100 letter signed by the City Mayor, City Manager and Public Works Director requesting contribution from the different
101 agencies in the county was discussed. The suggested amount to contribute is \$4.60 per water connection within the
102 system. Seal Rock Water District has 2,574 water connections so the suggested contribution is \$11,840. The
103 District's participation with the MCWPP has already proven beneficial when the District applied for IFA funding in
104 forms of loan and grants. When the IWRP is completed, it can be used as a planning document and the contribution
105 can be funded from SDCs. Commissioner Glen Morris motioned to approve a request for contribution to the MCWPP
106 in the amount of \$11,840. Commissioner Karen Otta seconded the motion. Motion carried 4 – 0.

107
108 **Public Records Request Policy:**

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110 The District's existing Public Records Request policy adopted by the Board in 2000 does not meet the newly revised
111 State of Oregon Public Records Law guidance provided under ORS 192.410-192.505. While the District does not
112 routinely receive public records requests, it's important that the District maintains compliance with state statute.
113 Additionally, included in this year's Best Practices Assessment provided by Special District Association of Oregon
114 (SDAO), updating this policy also provides a discount to the District's overall insurance premiums. Commissioner
115 Glen Morris motioned to approve and adopt the revised Public Records Request Policy for SRWD under
116 ORS 192.410-192.505. Commissioner Rob Mills seconded the motion. Motion carried 4 – 0.

121 **Official Abstract of Votes:**

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123 The Board of Commissioners reviewed the Abstract of Votes and Final Official Election Results for the May 21, 2019
124 Election, presented by Joy King which she received from the County Clerk's Office. Commissioner Glen Morris
125 received 638 or 98.76% votes and was reelected for Position 1, for a 4 year term. Commissioner Rob Mills received
126 627 or 98.76% votes and was re-elected to Position 5, for a 4 year term. Commissioner Karen Otta motioned to
127 approve and accept the election results per ORS 255.295. Commissioner Rob Mills seconded the motion. The motion
128 passed 4 – 0.

129
130 **Reports & Comments:**

131
132 The GM will be away from June 17 through June 21. Strategic Planning Work Session was set for October 10 but not
133 all commissioners will be present. The GM will coordinate a date when all commissioners will be present, with the
134 consultant, Dig Deep. The Consumer Confidence report for 2018 is now available.

135
136 **Recessed Regular Meeting: To go into Executive Session:**

137
138 President John Garcia recessed the regular Board Meeting at 5:30 p.m. and called an Executive Session to order per
139 ORS 192.660 (2)(h) To consult with legal counsel concerning the legal rights and duties of a public body with regard
140 to current litigation or litigation likely to be filed and (e) to conduct deliberations with persons designated by the
141 governing body with regards to real property transactions.

142
143 **Reconvened Regular Board Meeting:**

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145 President John Garcia adjourned the executive session at 6:35 p.m. and reconvened the regular meeting.
146 The GM met with the Fitzpatrick/Boyes who are the landowners of the property at the Makai Subdivision before the
147 dirt road leading to the Makai Tank location. There is already an existing pipe going through their property but
148 attorney, Jeff Hollen cannot find a recorded easement at the Lincoln County Clerk's Office. The GM reported that the
149 property owners are willing to sign an easement to be recorded with the county but they are asking for \$1,000 for
150 consideration of that easement. President John Garcia motioned to authorize the GM, Adam Denlinger to sign any
151 documents needed to record the easement granted by Fitzpatrick and Boyes and authorize him to sign a check for
152 \$1,000 as consideration for the easement. Commissioner Karen Otta seconded the motion. The motion was carried
153 4 – 0. The easement for the intake location is ready to be signed by the property owner, David Young. In consideration
154 for the easement, the property owner is asking for one service connection and reimbursement for their expenses
155 including their attorney's fee which is \$15,000. President John Garcia motioned to authorize the GM, Adam Denlinger
156 to sign any documents pertaining to the David Young easement; to approve one service connection; and to approve
157 reimbursement for their expenses including their attorney's fee. Commissioner Karen Otta seconded the motion. The
158 motion was carried 4 – 0. Through the advice of attorney Jeff Hollen, the Board agreed to retain the legal services of
159 Saalfeld Griggs, PC. Commissioner Glen Morris motioned to authorize President John Garcia and attorney Jeff Hollen
160 to sign the engagement letter to enter into a legal contract with Saalfeld Griggs, to assist the District in obtaining the
161 easements needed for the Beaver Creek Source Water Project. Commissioner Rob Mills seconded the motion. The
162 motion was carried 4 – 0.

163
164 **Adjournment:** Commissioner Morris motioned to adjourn the meeting. President John Garcia adjourned the
165 meeting at 6:40 p.m.

166
167 **Next Board Meeting:** July 11, 2019, at 4:00 p.m. Regular Board Meeting.

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177 Approved by Secretary

Date

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