

**SEAL ROCK WATER DISTRICT  
MINUTES OF THE  
Regular Board Meeting  
April 12, 2018**

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7 Call Regular

8 Board Meeting: Board President John Garcia called the regular board meeting to order at 4:00 p.m.,  
9 Thursday, April 12, 2018.

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11 Present: John Garcia, Board President; Glen Morris, Treasurer; Saundra Mies-Grantham, Secretary;  
12 Karen Otta, Member. Staff: Adam Denlinger, General Manager; Joy King, Office Manager.  
13 See sign in sheet for public attendance.  
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15 Excused Absences: Commissioner Rob Mills.

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17 Announcements: Joy King announced that the agenda has been revised to include the Budget Hearing and  
18 Rate Hearing on May 10, 2018 regular board meeting.  
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20 Public Comments: None

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22 Agenda Calendar: Items on the consent calendar are Invoice Lists for March/April 2018;  
23 March 15, 2018 Board meeting minutes; March/April 2018 Financial Report/Invoices to  
24 approve; AMI Project Contractor's Payment Application No. 4; USDA Phase 3- Project  
25 Monitoring Report No. 30; General Manager's Report. Commissioner Glen Morris motioned  
26 to approve the consent calendar. Motion was seconded by Commissioner Karen Otta. Motion  
27 carried 4-0.

28 Discussion and  
29 Information Items:  
30 Primary Source Water  
31 Project Update:

32 Easements: Jeff Hollen, District counsel reported that the Phelps easement has been recorded with the  
33 county.  
34 District staff, surveyor and legal counsel had a Tysman property site visit on March 24 to  
35 continue to negotiate a possible easement through their property. Before the Tysmans  
36 purchased the property, the previous owner granted easements to Wetlands Conservation  
37 which is very restrictive with regards to putting pipes through the property. The Wetland  
38 Conservation Project was funded by OWEB. There are two alternative routes to consider to  
39 bring water to the Makai site. Both routes each has its pros and cons to consider. One route  
40 is through the Tysman's property going through the old logging road called the Legacy Road  
41 to the Makai site which is the shorter route. To obtain the needed easement the District will  
42 have to negotiate with the Tysmans, Wetland Conservation and OWEB. The Tysmans don't  
43 want any trees cut or any roots disturbed. The Tysmans own a piece of land they want to sell.  
44 The District could purchase this land and deed it to Wetland Conservation as mitigation  
45 where the Wetland Conservation can grant the needed easement to the District. Another  
46 alternative is for the District to go through the Tysman's property and cut through Makai  
47 laying the pipes in the middle of Kona Road to the Makai tank site where the District already  
48 have easements and doesn't have to deal with the Wetlands Conservation. This route is  
49 considerably longer than going through the old Legacy Road. There are already other utility  
50 easements buried under Kona Road but in the corner of Kona and Estate Drive it is already  
51 crowded with all the buried utilities. Costs need to be considered before making decisions.  
52 The engineer will put together a cost comparison to help the board in making the decision as  
53 to which route to take.

54 Intake Easement:

55 On April 3, Adam Denlinger, District staff; Jeff Hollen, District Counsel; Paul Berg, Engineer;  
56 and a Parriani Surveyor met with the property owner, Robert Young and his attorney, Mr.  
57 Bartuldos at the intake site to answer the property owner's concerns. He is concerned about  
58 the noise, the lighting and where the building and its electrical will be located. All parties  
59 walked through the property and the surveyor marked 4 corners where the proposed building  
60 will be located. It is 8 feet above the intake site and trucks carrying chemicals to treat the  
61 water will be able to drive to the proposed building location using the old access road. The  
62 owner wants to see a diagram showing where the building would be from the intake site, the  
63 lighting, power and how much noise it will produce before he signs the easement agreement.

The engineer and the surveyor will put together the technical aspect of the intake site and the building to house the power and treatment plant.

Funding:

USDA considers applications for funding as completed when the Biological Assessment (BA) is completed and a “no effects” concurrence is received from approving agencies. The District has received “no effects” concurrence from EPA, ODFW, and SHPO for the Beaver Creek Source Water Project. The USDA deadline for this year’s funding consideration was April 9 and the only concurrence that was needed was from National Marine Fisheries Service/National Oceanic and Atmospheric Service (NMFS/NOAA). On March 22 District staff, consultant team working on the draft Biological Assessment (BA) and representatives from USDA and DEQ met with a representative from NMFS to discuss their concerns as to what the impact would be of the Districts removal of 2 cfs from Beaver Creek as it relates to stream flow and temperature. NMFS was opposed to signing off the draft BA without more data and without their approval before April 9, the District will not qualify for funding before the May Federal USDA pooling cycle. NMFS representative was not willing to give a conditional approval of the draft BA and indicated that the District should go through the statutory 135-day review and consultation process. Because of this the District will not qualify for this year’s funding cycle with USDA however, USDA will hold the application in administrative review and continue to work through the approval process to fund the project in the next budget cycle which is October 2018. The delay will place more pressure on the overall project schedule by as much as 6 months. Adam Denlinger, GM with the District counsel, Jeff Hollen met with the City of Toledo representatives and the City is willing to have an agreement beyond the October 2020 contract termination. They discussed the possibility of an agreement for both entities to provide water each way, when needed. The Board discussed that with the delay of USDA funding, it is important for the District to continue to fund the preliminary expenses for the Beaver Creek Source Water Project using its own funds which will be reimbursed when USDA funding is approved and released. Additional cost for hydrological evaluation to satisfy the concerns of NMFS would increase consultant cost between \$25,000 to \$30,000. Other costs that need to be funded are geotechnical evaluation and membrane procurement process. Commissioner Glen Morris motioned to continue to fund the Beaver Creek Source Water Project preliminary expenses using Capital Project and Source Water Reserve Funds to be reimbursed when USDA loan is approved and loan proceed is release. Commissioner Karen Otta seconded the motion. Motion carried 4-0. There was a discussion regarding using IFA loan/grant that has been approved. IFA funding condition is very specific that it would only fund the project when USDA funding is approved.

Water Rate Adjustment:

The District received a relatively small increase of 1.5% in the purchase of wholesale water from the District’s source water provider and it is anticipated that the District can expect future increases. Staff provided four proposals/scenarios (see attached) that consider adjustments in the water usage rates and base rates for the Board to review and consider. The Board recommended to consider Proposal 4 rate adjustments to present at a public hearing in accordance with ORS 264.312. The rate hearing will be held at the conference room of the District office on May 10, 2018.

Next Board Meeting:

April 19, 2018 at 6:00 p.m. Budget Committee Meeting; May 10, 2018 at 4:00 p.m. Regular Board Meeting, Rate Hearing and Budget Hearing.

Adjournment:

Commissioner John Garcia adjourned the meeting at 5:40 p.m.

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Approved by Secretary

Date