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SEAL ROCK WATER DISTRICT
Regular Board Meeting & Budget Hearing
Thursday, May 9, 2019 @ 4:00 pm
1037 NW Grebe Street, Seal Rock 97376

1. Call Regular Meeting to Order:

2. Announcements/Visitor Public Comments:

Public comment period provides the public with an opportunity to address the Commissioners regarding Items on the agenda. Please limit comments to (10) minutes.

3. Consent Calendar:

Managers' reports included under consent calendar are an executive summary provided to Commissioners as an update of system conditions, projects, and programs. Management welcomes your feedback and request for more detailed information regarding any item before or during the meeting:

- | | |
|---|------------------|
| • Invoice List | April/May – 2019 |
| • Regular Board Meeting Minutes | April 11, 2019 |
| • 2019 Budget Committee Meeting Minutes | April 18, 2019 |
| • Financial Report / Approve Invoices | April/May – 2019 |
| • USDA Project Monitoring Report #43 | April 2019 |
| • General Manager's Monthly Report | April/May – 2019 |

4. Discussion and Information Items:

- Consider United States Department of Agriculture, Rural Utility Services, Water and Waste Disposal Loan and Grant Letter of Conditions.
Presented by: Holly Halligan, USDA-RD Community Programs Specialist

- Consider a rate adjustment for FY 2019 – 2020.
Presented By: Adam Denlinger, General Manager

- Consider strategic planning consultant services.
Presented by: Adam Denlinger, General Manager

- Consider Proposed Corrected Wholesale Water Rate Adjustment, Settlement Agreement.
Presented by: Jeff Hollen, Ouderkirk & Hollen

5. Public Hearing:

Open the Public Hearing:

- Subject to ORS Chapters 294.453 and 294.456, conduct a public hearing to receive public testimony regarding the SRWD proposed FY 2019 – 2020 Budget.

Close the Public Hearing.

6. Decision Items:

- Consider Replacement and Repair Easement agreement with the Makai Special Road District.
Presented by: Adam Denlinger, General Manager

- Consider the Mid-Coast Water Conservation Consortium, Intergovernmental Agreement (IGA).
Presented by: Adam Denlinger, General Manager

7. Reports, Comments and Correspondence:

- District office will be closed Monday, May 27th in honor of Memorial Day.
- National Drinking Water Week "Protecting the Source" May 5th through the 11th.

8. Executive Session: according to ORS 192.660(2), Concerning:

The SRWD Board will now meet in Executive Session, pursuant to ORS 192.660(2)(h); To consult with legal counsel concerning the legal rights and duties of a public body with regard to current litigation or litigation likely to be filed; and (e) To conduct deliberations with persons designated by the governing body with regards to real property transactions.

9. Adjournment: Next Meeting: June 13, 2019, @ 4:00 p.m. Regular Board Meeting or establish date.

ORIGINAL

Report Criteria:

- Detail report.
- Invoices with totals above \$0 included.
- Paid and unpaid invoices included.

Vendor Name	Invoice Number	Description	Invoice Date	Net Invoice Amount	Amount Paid	Date Paid
03-5715						
NEWPORT NEWS-TIMES	A26 (08-26)	Public Notice of Finding of No Sig	04/17/2019	169.58	.00	
Total 03-5715:				169.58	.00	
Grand Totals:				169.58	.00	

Dated: APRIL 18, 2019

General Manager: A. J. [Signature]

Dated: _____

Treasurer: _____

[Signature]

ORIGINAL

Report Criteria:

- Detail report.
- Invoices with totals above \$0 included
- Paid and unpaid invoices included.

Vendor Name	Invoice Number	Description	Invoice Date	Net Invoice Amount	Amount Paid	Date Paid
01-2011						
OREGON DEPARTMENT OF RE	042519	1st Quarterly 2019 Unemployment	04/25/2019	1,272.81	.00	
Total 01-2011:				1,272.81	.00	
01-2031						
OREGON DEPARTMENT OF RE	043019	1st Quarterly 2019 Statewide Tran	04/30/2019	138.49	.00	
Total 01-2031:				138.49	.00	
01-2040						
OREGON DEPARTMENT OF RE	042519	1st Quarterly 2019 WBF	04/25/2019	.01	.00	
Total 01-2040:				.01	.00	
Grand Totals:				1,411.31	.00	

Dated: APRIL 19, 2019

General Manager: A. Nuckley

Dated: _____

Treasurer: _____

Report Criteria:

- Detail report.
- Invoices with totals above \$0 included.
- Paid and unpaid invoices included.

ORIGINAL

Vendor Name	Invoice Number	Description	Invoice Date	Net Invoice Amount	Amount Paid	Date Paid
01-1310						
JANE DELLE	041619	Refund Overpayment	04/16/2019	37.59	.00	
RRB ENTERPRISES	041919	Refund Overpayment	04/19/2019	15.47	.00	
Total 01-1310:				53.06	.00	
01-5063						
JOCELYN KING	042419	Meal Reimbursement (SDIS Meeti	04/24/2019	14.00	.00	
PATRICIA M KARLSEN	042419	Meal Reimbursement (SDIS Meeti	04/24/2019	14.00	.00	
PATRICIA M KARLSEN	042419	Mileage Reimbursement (SDIS M	04/24/2019	87.23	.00	
Total 01-5063:				115.23	.00	
01-5271						
CHARTER COMMUNICATIONS	007859704091	Internet (Office)	04/09/2019	84.98	.00	
Total 01-5271:				84.98	.00	
01-5291						
US POSTAL SERVICE - WALDP	042219	Bulk Mailing	04/22/2019	897.19	.00	
Total 01-5291:				897.19	.00	
01-5610						
CENTRAL LINCOLN P U D.	041919	Utility Services x 15	04/19/2019	1,943.99	.00	
Total 01-5610:				1,943.99	.00	
Grand Totals:				3,094.45	.00	

Dated: APRIL 26, 2019

General Manager: A. W. W. W.

Dated: _____

Treasurer: _____

Report Criteria:

- Detail report.
- Invoices with totals above \$0 included.
- Paid and unpaid invoices included.

ORIGINAL

Vendor Name	Invoice Number	Description	Invoice Date	Net Invoice Amount	Amount Paid	Date Paid
01-1310						
JAMES A. BOWEN	042919	Refund Overpayment	04/29/2019	21.22	.00	
Total 01-1310:				21.22	.00	
01-5272						
AT&T MOBILITY	04282019	Wireless	04/20/2019	214.64	.00	
Total 01-5272:				214.64	.00	
01-5310						
TCB SECURITY SERVICES INC.	227255	Answering/Dispatch Services Mon	04/29/2019	40.00	.00	
TCB SECURITY SERVICES INC.	227255	Answering/Dispatch Services Lev	04/29/2019	5.50	.00	
Total 01-5310:				45.50	.00	
01-5634						
OCEANSIDE CLEANING CO. LL	108	Janitorial Service	03/31/2019	300.00	.00	
Total 01-5634:				300.00	.00	
Grand Totals:				581.36	.00	

Dated: APRIL 30, 2019

General Manager: A. W. [Signature]

Dated: _____

Treasurer: _____

[Signature]

ORIGINAL

Report Criteria:

- Detail report.
- Invoices with totals above \$0 included.
- Paid and unpaid invoices included.

Vendor Name	Invoice Number	Description	Invoice Date	Net Invoice Amount	Amount Paid	Date Paid
01-5064						
GLEN MORRIS	114	Stipend	05/09/2019	50.00	.00	
JOHN GARCIA	112	Stipend	05/09/2019	50.00	.00	
KAREN OTTA	30	Stipend	05/09/2019	50.00	.00	
ROB MILLS *	113	Stipend	05/09/2019	50.00	.00	
SAUNDRA MIES-GRANTHAM	113	Stipend	05/09/2019	50.00	.00	
Total 01-5064:				250.00	.00	
Grand Totals:				250.00	.00	

Dated: 5-8-2019

General Manager: *A. [Signature]*

Dated: _____

Treasurer: _____

SEAL ROCK WATER DISTRICT
MINUTES OF THE Regular Board Meeting
April 11, 2019

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Call Regular Board Meeting: Commissioner Rob Mills called the regular board meeting to order at 4:00 p.m., Thursday, April 11, 2019.

Present: Commissioner Glen Morris, Treasurer; Commissioner Rob Mills, member; Commissioner Sandra Mies-Grantham, Secretary; 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: President John Garcia

Announcements: None

Public Comments: None

Agenda Calendar: Items on the consent calendar are Invoice Lists for March/April 2019; March 14, 2019 Regular Board Meeting Minutes; March 28, 2019 Special Work Session Board Meeting Minutes; March/April 2019 Financial Report/Invoices to approve; USDA Project Monitoring Report No. 42; and General Manager's Report. Commissioner Karen Otta motioned to approve the Consent Calendar. Motion was seconded by commissioner Glen Morris. Motion carried 4 – 0.

City of Waldport Presentation: District staff have been working with City of Waldport representatives and engineers to discuss alternatives to provide connection between both systems to provide emergency source water. The District received an invitation to attend a field tour with representatives from the City of Waldport and ODOT to explore the option of sleeving a pipe through the raceway below the driving deck of the Alsea River Bridge. With the permission of ODOT and guided by ODOT representatives a team of City, District, ODOT, and engineers walked the raceway underneath the bridge from both sides and concluded that there is ample space to consider a pipeline through the bridge to connect both Systems.

Scott Andry, City of Waldport Public Works Director, Christopher J. Brugato, P.E. from WesTech Engineering, and Mike Faught, Manager of Oregon Operations of Dig Deep did a presentation to share the City of Waldport Local Economic Opportunity Fund Grant Project with the Board. The overall purpose is to develop Waldport's Industrial Park and to ensure a resilient water supply for Waldport and the Mid-Coast Region. With the help of Dig Deep, the City of Waldport received a \$55,000 grant to do a study to determine the feasibility of constructing water interties between Southwest Lincoln County Water District and Seal Rock Water District. The study also includes developing a list of capital improvement projects with recommended budget for the interties, but the grant doesn't include the development of formal agreements between the agencies. The assumptions would be that the interties will be used for emergency only, that it will convey water for both directions, the water will be for system wide distribution, the operation is manual, it will have back up power and the equipment would be in a building. The basic intertie schematic would be similar to the intertie between the District and the City of Newport. The City of Waldport needs a copy of the District's Master Plan, key district staff for contact and help in reviewing the draft report and to provide feedback. The draft report will be available by the end of May and the final report by late June.

The City of Waldport's PWD, Scott Andry shared that in meetings he had attended there's a concern of how the City will support other communities in case of fire and other emergencies that will need water. Having interties will benefit the coastal communities. Adam Denlinger as a co-convener of the Mid-Coast WPP recognized the City of Waldport and other community water suppliers throughout the region for their willingness to consider and recognize the profound benefits of establishing a network of alternative water suppliers.

61 Decision Items:
62 Settlement
63 Agreement:

64 The General Manager (GM) presented before the board staff report seeking consideration
65 and a motion to approve a settlement agreement over the recalculated water rate provided by
66 the City of Toledo in late January of this year. And to consider capital cost prior to October
67 30, 2017. Staff has included a long list of email exchanges attached to this staff report related
68 to this topic.

69 For the record, the District has attempted on several occasions to settle the rate for 2020
70 through negotiation, however, this effort was punctuated by the City's position that the District
71 must first concede to, and officially accept through Board action, an increase in the water rate
72 for 2019. Staff, through consultation with the District's legal counsel, maintains that the
73 District should receive some consideration for agreeing to raise the contract rate for 2019, as
74 the contract does not allow rate changes throughout the year for any reason.

75 The District also attempted to settle the 2020 rate with a proposed option for settlement which
76 included a 7.44% increase for 2020, however, system improvements initiated by the Board in
77 the last 3-years have reduced the overall demand for source water. Performance data
78 indicates that demand is trending down, signifying that the District's percentage used in the
79 methodology for calculating the rate annually will be lower than that which was proposed. As
80 a result, this option was removed from consideration.

81 On March 14th the District Board was provided the opportunity to consider proposed
82 settlement options as a full Board for the first time, as an information and discussion item and
83 to take any public comment. The Board of Commissioners directed staff to analyze this item
84 further and bring it back to the April 11th regular meeting for consideration and formal action.

85 At the direction of the Board, staff has conducted a thorough internal evaluation, along with a
86 thorough review of the lengthy exchange of information between the City and the District over
87 the past two years. Staff believes it's important to recognize that at no time during
88 negotiations with the City over proposed settlements has the District negotiated unfairly or
89 opposed the City's demand to adopt a recalculated rate. District staff maintains that approval
90 of any settlement is a function of the Board and negotiations for settlement should
91 incorporate fair and balanced benefit to both parties.

92 Appropriately considered, the action by the City places the District in the unfortunate position
93 to engage in settlement discussions with the City by no fault of the District. Staff believes it's
94 important to remind the Board and the City that these incidents provide an intense distraction
95 from the District's mission and demand staff time and unnecessarily consume District
96 resources to settle the legal issues raised by the City.

97 In closing, City staff presented the attached settlement agreement to the City Council at the
98 February 27, 2019 work session as a discussion and information item only. Council approved
99 adoption of the settlement agreement on March 6, 2019, at their regular meeting, with an
100 effective date of May 1, 2019. This settlement agreement is included with the staff report for
101 Board consideration.

102 If it pleases the Board staff is also including the following possible options for consideration
103 and action. Staff would like the Board to know that these options do not limit the Board from
104 contemplating other actions not included in this staff report:

- 105 A. Approve settlement option adopted by the City of Toledo on March 6, 2019.
- 106 B. Reject proposed settlement options and direct the District's legal counsel to pursue
107 further negotiations with Toledo that provide fair and balanced benefit for both parties.
- 108 C. Reject proposed settlement options and direct the city to seek other remedies, to include
109 those subject to the terms and conditions of the 2012 water purchase agreement under
110 Dispute Resolution.
- 111 D. Consider approving HACH invoices, District share totaling: \$2,323.68.

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Commissioner Glen Morris motioned to approve the Settlement Agreement. Motion was seconded by Commissioner Sandra Mies-Grantham. Motion was opened for discussion. Commissioner Morris read the letter he wrote pointing out some of his concerns. He pointed out that in negotiating, it is important for both sides to obtain something. It appears to him and his constituents that there is something for the City and nothing for SRWD except higher rates. He is concerned that the City is not considering the benefits of SRWD piping that already exists that can be used in the future if the City is considering to serve as a regional provider. Also, the Cascadia event is a known event but the timing is unknown. The City's water supply is subject to being eliminated by a tsunami by virtue of its location on the Siletz River. The District is constructing a system that is engineered to withstand a tsunami, and if part of it fails, it can be quickly reconstructed. He is concerned that the City is not considering the well-being of its citizens and not working to maintain good relations with those other providers to protect their citizens in the event of a disaster. The proposed agreement does not address any of those concerns therefore, he is going to vote NO. If the proposed settlement agreement is modified addressing those concerns, he could then support the May 1 implementation date. He also proposed to assign the settlement agreement negotiation to the District's legal counsel, Jeff Hollen since the duties of the GM to the project and related support have become the highest priority. (see attachment 60 for the complete letter). Commissioner Rob Mills asked what the result would be of voting no on the Settlement Agreement? The GM explained that the City can continue to negotiate to increase the rate or not negotiate and the rate remains the same and continue using the 2012 contract methodology for the Jan 2020 to Oct 2020 rates. After Oct 30, 2020, the City could charge the District outside district rate. The GM had discussed the district's water needs after Oct 30, 2020, with the City of Newport PWD, if the District's project is not completed by then. The PWD indicated that they should be able to provide water to the District for a few months. Commissioner Mills indicated that he is uncomfortable with the contingencies of a no vote. Commissioner Sandra-Mies Grantham expressed that in negotiation it should be a give and take situation, but she has not seen any consideration for the District. Commissioner Karen Otta agreed to what has been discussed. For the record, commissioner Mills expressed that his experience as part of the negotiating team for the 2012 contract and the recent settlement agreement, he feels that both parties were addressing common interest that is beneficial for both agencies. Commissioner Mills opened the motion to approve the Settlement Agreement to increase the rate from \$3.24 to \$3.89 per 1,000 gallons. Commissioner Glen Morris voted no, commissioner Karen Otta voted no, commissioner Sandra Mies-Grantham voted no, and commissioner Rob Mills voted no.

It was the consensus of the board to appoint Jeff Hollen to negotiate with the City of Toledo the Settlement agreement for calendar year ending December 31, 2019, and to adjust the rate for January 2020 to October 30, 2020, and the rate after October 30, 2020.

Motion was made by commissioner Glen Morris to approve the invoices submitted by the City of Toledo for capital improvements in the amount of \$2,323.74, which precede the October 30, 2017 notice of termination. Commissioner Karen Otta seconded the motion. Motion carried 4-0.

Discussion and Information Items Easement Makai Road District:

Lincoln County Ordinance LCC6.380 included with staff report affects all of the operations in special road districts where the water district accesses surfaced roads and road right-of-way. Paragraph 7 is the operative language which requires permission from road districts. Also included with staff report is a copy of ORS 758 and 368 which provides the District with authority to construct and maintain water facilities in the public right-of-way except within cities. The District's legal counsel has recommended developing a permanent easement with all road districts in the SRWD boundary, which allows the District to maintain facilities without additional permission for repairs of existing utilities, and all future permitted utilities. The easements would not need to describe the location of current water lines but just refer to them as the existing lines. For any future (new) cuts across roads, the District will need to get permission in advance, but not develop another easement. Paragraph 9(d) requires restoration of the road surface, and the easement would reference that obligation. Draft

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easement language is also provided with staff report for consideration by the Board and the Makai Special Road District.
Mr. Tom Ryan, Makai Road District President attended the meeting and shared that he had discussed the draft repair and replacement easement with the Makai Board and they came up with concerns they want to be incorporated in the contract. The address on the easement should change to the correct address. The following items are their concerns – Who is the inspector on the project, time designation for work, project notification to Road District, proper compacting of the soil, emergency access during construction, and a customer who is concerned of flooding in his basement as a result of the construction. The GM explained that the USDA Documents are very thorough in addressing concerns of the people living in the project area and that the GM will make sure that all the road district's concerns will be included in the contract.

Biological Opinion:

On April 3rd, 2019 the District received a letter and the final Biological Opinion (BiOp) provided by the United States Department of Commerce, National Oceanic and Atmospheric Administration (NOAA) National Marine Fisheries Service (NMFS). The biological opinion (BiOp), provided by NMFS concludes that the proposed action in the development of the district's primary source water supply project on Beaver Creek is not likely to jeopardize the continued existence of Oregon Coast coho salmon or result in the destruction or adverse modification of designated critical habitat for this species. Conditions provided in the BiOp do not affect the overall project cost and the District can expect to see these conditions identified in the USDA-RD funding Letter of Conditions (LOC) in the near future. Both the letter and the BiOp are posted on the District's website. Conditions provided in the BiOp are the same conditions that the District is complying with under OWRD and DEQ requirements with regards to the water rights on Beaver Creek. These conditions include continued monitoring of water flow and water temperature. GSI Water Solutions will do the monitoring and will handle the annual reporting. USDA's Public Notice Announcing the Availability of an Environmental Assessment will be published in the local New-Times on April 12 and April 17 and will have a 14 days comment period. If there is no comment submitted, USDA will issue a Notice of Finding of No Significant Impact (FONSI) for publication in the local newspaper. USDA could release draft Letter of Conditions (LOC) by May. If all the requirements are met on time, a contract document could be out to bid by June 1.

Decision Items:

Refinancing:

At the direction of the Board, staff and USDA-RD have been evaluating the option to structure refinancing of existing Cashmere Valley Bank Debt, LOC in the amount of \$1,616,500. Financing through Cashmere Valley Bank includes interest-only payments for the first three years, and 10-year repayment of principal and interest with annual payments of \$215,000 beginning 2019/2020, terms of this financing also include an adjustable interest rate. Refinancing the LOC through a revenue bond will spread the repayment cost out from 10-years to 30-years at a fixed rate. Also, adding this refinancing with the USDA Loan Application for Source Water funding will shorten the process of the refinancing since all the requirements of the loan are already in place. All USDA needs to do is to amend the application to add the refinancing. District staff received two SF-424 Application for Federal Assistance from USDA. The loan amount without the refinancing is \$13,760,000 and the loan amount with the refinancing is \$15,376,500. The signed District loan application will be forwarded to USDA Federal Level for review and approval since the loan amount exceeds what the USDA state level could approve. Commissioner Glen Morris motioned to approve refinancing the Cashmere Valley Bank line of credit with USDA and authorize the GM, Adam Denlinger to execute the necessary documents. Commissioner Karen Otta seconded the motion. Motion carried 4 – 0.

WesTech Change Order No. 1:

Upon further review of the District's water treatment facility needs, it's necessary to add sensors to the water treatment equipment to monitor chlorine level and pH level of the water. Change Order No. 1 submitted by WesTech includes the addition of a chlorine analyzer, the addition of a pH sensor, the addition of a pH and ORP sensor, and deletion of variable frequency drives. This Change Order decreased the contract amount by \$32,770, decreasing the contract from \$922,000 to \$889,230.

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Reports & Comments:
PUD/Consumer
Power Inc.:

There was an approved agreement between Central Lincoln PUD and Consumer Power Inc. (CPI) for PUD to provide the power needed to the District's Intake Facility which is located in the service area of CPI. That agreement has been reversed. CPI decided they will be able to provide the needed power for the District's Intake Facility. Adam Denlinger, GM visited CPI office to discuss the District's power needs and is confident that CIP will be able to provide the power needed for the intake facility.

Budget Committee Meeting is scheduled for April 18, 2019, at 6 pm. Commissioner Rob Mills will not be able to attend the meeting.

Adjournment:

Commissioner Glen Morris motioned to adjourn the meeting. Commissioner Rob Mills adjourned the meeting at 5:50 p.m.

Next Board Meeting:

April 18, 2019, at 6 p.m. Budget Committee Meeting. May 9, 2019, at 4:00 p.m. Regular Board Meeting.

Approved by Secretary

Date

**SEAL ROCK WATER DISTRICT
MINUTES OF THE BUDGET COMMITTEE MEETING
April 18, 2019**

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Call Budget
Committee
Meeting:

President John Garcia called the Budget Committee meeting to order at 6:00 p.m., Thursday, April 18, 2019.

Present:

President John Garcia; Commissioner Rob Mills; Commissioner Sandra Mies-Grantham; Commissioner Karen Otta; Jay Senn; Tom Ryan; Deanna Gravel; and Barry Compton. Staff: Adam Denlinger, General Manager; Joy King, Office Manager. See sign in sheet for public attendance.

Excused Absences:

Commissioner Glen Morris, and Barbara Flyewellyn

Elect Presiding
Officer:

President Garcia nominated Jay Senn as the presiding officer for Budget Committee Meeting per ORS 294.336(9). Commissioner Karen Otta seconded the nomination. Motion passed by 8-0.

Read Budget
Message:

Adam Denlinger, Budget Officer read the Budget Message for FY 2019-20. See attached Budget Message.

Amend/Approve
Budget Document:

Jay Senn presided over the budget review and discussion one page at a time. It was the consensus of the budget committee to approve the budget by fund. Adam Denlinger as the Budget Officer (BO) asked Joy King to discuss and explain the budget line items for each fund.

Under the General Fund:

PAGE 1, line 4, Interest of \$34,200 includes \$200 as estimated interest from bank deposits and \$34,000 is interest from the notes payable from the City of Newport. The Intergovernmental Agreement between the City and the District includes an annual payment of \$60,000 for loss in revenue when part of the District's service area was transferred to the City of Newport.

Line 7, Water Sales of \$1,790,000 includes \$26,000 as principal payment from the notes receivable from the City of Newport. The water sales don't include a rate increase to our customers.

Line 13, \$2,500 Prior Year Refund is prior years dividend from Pioneer Telephone.

Line 30, Taxes necessary to balance of \$80,700 is from the District's Permanent Rate Limit which is \$.1259 per \$1,000 of property assessed value.

Questions and Discussions:

Tom Tyan asked what is the rate methodology used to calculate for water rate increases. The BO explained that rate setting is specific to each agency. Like SRWD and the City of Toledo, the 2012 contract considers the cost of maintenance, O&M cost and system improvements cost of the system used to deliver water to the District and the percentage of water usage.

Jay Senn asked what is the tax rate of the District. Joy King explained that the District's permanent rate limit for general tax is \$.1259 per \$1,000 of the assessed property value. The amount to levy is determined by how much is needed to pay for the annual G.O. Bond loan due. The estimated rate per \$1,000 of the assessed value is \$1.11 but it has to be noted that it is only an estimate since the future properties assessed values are unknown until the county assessor releases that information.

PAGE 2, line 3 – Office Salaries \$281,500. The District has a 15 step wage scale and the budgeted office salaries for 4 employees are based on the wage scale and the anniversary dates of the employees. There are 2 employees who are at the top of their wage scale.

Line 5, – Employees Benefit \$271,400. This includes employees retirement benefit and health insurance benefit. PERS Tier 1 and Tier 2 rate will increase from 17.21% to 21.62% and OPSRP rate will increase from 10.79% to 15.39% beginning July 1. Health insurance premium is estimated to increase by 12%.

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Line 8 and line 9 – Board and Office Mileage/Meal Reimbursement and Lodging are slightly higher due to the need for employees training of the new AMI system.

Line 12, Professional Services. This includes services of auditor, engineer, lawyer, consultants, IT and software support. The annual support of the new AMI system with its software for the customer portal, RNI, and Sensus Analytics is \$25,800.

Line 14, Office Supplies and Postage – Postage has gone up from \$.50 to \$.55 for the first ounce beginning January 27, 2019. This also includes mailing of conservation flyers twice a year as customer outreach. As part of the District water rights renewal, Oregon Water Resource Department (OWRD) required the District to have a Water Conservation Master Plan (WCMP) which was completed in 2014 and has to be updated every 5 years. Recently the District updated the WCMP with the help of GSI Inc. consultants. The District was made aware that we have to be proactive in implementing a conservation program to include customer outreach to educate the customers on how to conserve water, by holding educational meetings, sending flyers, posting information on the website, and providing conservation kits to customers.

Line 17, Printing, Copying & Advertising – the increase is for printing of conservation materials and AMI flyers.

Line 19, Dues, Fees & Assessments – US Bank increased the annual fees for managing two G.O. Bonds that were publicly offered. The District sends the annual payments to US Bank where bondholders redeem and cash out the G.O. Bond certificate. Customers are signing up to pay online through Xpress Bill pay and several customers also are paying their bills with their credit cards that go through Chase PaymentTech. The increase in online payments and credit card usage drive up the processing cost.

Line 25, Office Equipment/Computer Hardware – Three computers are over 5 years old and need to be replaced with a newer model to keep up with the needs of the software the District uses.

Questions and Discussions:

Commissioner Karen Otta asked what is PERS and OPSRP. It was discussed that PERS or Public Employees Retirement System is the retirement program that the District's employees participate in. The employees contribute 6% of their wages while the employer contributes different rates for the employees depending on their hired dates. Tier 1 are those employees who were hired under a PERS-covered position before January 1, 1996, Tier 2 are those employees who were hired between January 1, 1996, and August 28, 2003, and OPSRP or Oregon Public Service Retirement Plan are those employees hired after Jan. 1, 2004.

Jay Senn asked if there's a way to share some of the benefits of the AMI software and other software the District uses with other agencies to help spread the support costs. Adam Denlinger, GM explained that in the beginning planning stage of the AMI project he visited PUD to see if the District can piggyback with their existing system but each agency has its own unique radio frequency. Caselle, the billing and accounting software and Sensus customer portal, RNI and Sensus analytics, and Xpress Bill Pay online payment are proprietary software and support are exclusively offered by each company. The benefits of an AMI system will offset its annual support costs. Several of the agencies on the coast use the same Caselle billing software and XBP online payment and the companies are able to hold a local training saving the District in travel and training cost.

Page 3, line 3, Field Salaries – The District has a 15 step wage scale and the budgeted field salaries are based on the wage scale and the anniversary dates of the employees. There are 5 field employees and 2 are at the top of their wage scale.

Line 11, Toledo Water Purchases – The District and the City of Toledo are in ongoing Settlement Agreement and the rate for FY 2019-20 is undetermined. The budget for water for the first 6 months is estimated at \$3.89 per 1,000 gallons and the last 6 months is \$4.18 per 1,000 gallons.

Line 12, SRWD System Maintenance includes \$8,000 for cleaning the Driftwood and Lost Creek Reservoirs.

Line 14, Operating Materials/Conservation includes \$2,500 to purchase conservation kits and other materials for community water conservation awareness as required by OWRD to comply with the District's Water Conservation Master Plan.

Line 15, Replacement Meters/AMI System – The budgeted amount is lower than the prior years since the District just completed the AMI System project where all the meters were replaced. The amount budgeted is for replacing smart points that may go bad.

Line 26, Building Upgrades – This is for fixing and maintaining the pump stations.

Questions and Discussions:

Commissioner Karen Otta asked what are the smart points? Jay Senn asked if the District has noticed if the price of steel has gone up? Tom Ryan asked how long does the battery that powers the smart points for communication last? The budget officer, Adam Denlinger explained that smart points are the meter heads that communicate to the towers sending signals like meter readings. The District uses Federal funding for the project and USDA requires that the District only use American steel. The engineer had to revise the project estimate because the price of steel has gone up by 2.5% since the tariff on steel was imposed by the Federal Government. The battery that powers a smart point is estimated to last for 10 years depending on its location from the tower and how often it communicates to transmit information to the tower.

Page 4, Line 5 – R.D. Requirement Reserve Fund – This reserve fund is a USDA requirement of the District's 2012 Revenue Bond. The requirement is to accumulate an amount equal to one annual payment of the loan which is \$74,332. The annual contribution is 10% of the annual payment which is \$7,430.

Line 6, Revenue Bond Payments – This is the amount for annual payments of USDA 2012 Revenue Bond, IFA Notes Payable, and Cashmere Valley Bank Line of Credit payment.

Line 7, Depreciation/SLARRA – This is for USDA requirement of the 2016 G.O. Bond to set aside \$84,000 for replacement of assets with 5 to 15 years life span. Also, the District contributes \$50,000 for vehicle rolling stock.

Line 9, Water Source Reserve Fund – No transfer is budgeted for this fund. The District is applying for loan and grant and USDA is scrutinizing the finances of the District, if the District qualifies for more grant.

Page 5, is a summary of expenditures from pages 2 – 4.

Questions and Discussions:

Deanna Gravel asked if the District has purchased any vehicle since the District started contributing to the rolling stock fund. She hasn't seen any budget line item to purchase a vehicle. Adam Denlinger, Budget Officer explained that the budget to purchase a vehicle is on page 10, under SLARRA/Depreciation Fund. The last vehicle purchased was in 2016. The District purchased a Ford 350 and traded in the 2007 Ford 250.

President John Garcia motioned to approve the proposed General Fund Budget pages 1-5 for \$2,479,200. Motion was seconded by Barry Compton. Motion carried 8 – 0.

Page 6, Debt Service Fund - This fund is used to pay the 2011, 2012, 2013, and 2016 General Obligation Bonds payable from the property taxes within the District's taxing boundary.

Line 8, \$727,280 is the amount needed from property taxes. The amount to levy to get the necessary amount of \$727,280 is \$773,700 based on the county collection history.

Line 12-15 are principal amounts and line 17-20 are interest amounts due in FY 2019-20.

Line 22-25 are unappropriated balance for loan due in Oct and Dec in FY 2020-21 before taxes are collected.

Line 27, Tax Credit Reserve – This is the balance of the advance payment of the City of Newport for its share of the 2013 Refunding GO Bond formerly known as the 2007 GO Bond. President John Garcia motioned to approve Page 6, Debt Service Fund. Motion was seconded by Barry Compton. Motion carried 8 – 0.

Page 7, Revenue Bond Reserve Fund. This fund is used to pay for 2012 USDA Revenue Bond, IFA Revenue Bond, and Cashmere Valley Bank Line of Credit.

Line 4, Transfer from General Fund \$137,140 is the amount needed to pay for loan principals and interests.

Line 11-12 are the principal amounts due in FY 19-20.

Line 14-16 are the interest amounts due in FY 19-20.

President John Garcia motioned to approve Page 7, Revenue Bond Reserve Fund. Motion was seconded by Barry Compton. Motion carried 8 – 0.

Page 8, Capital Projects Fund. This fund is used for projects construction.

Line 7, Interim Loan, USDA/IFA Grants and Loans – This includes \$1,030,000 IFA grant, \$3,000,000 USDA Grant, and \$10,168,500 interim loan.

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Line 8, Loan Proceeds – The \$1,425,000 is the remaining IFA loan proceeds for FY 19-20. The total loan amount from IFA is \$2,451,000 and part of it has been and will be spent in the current year.

Line 16, Engineering/Geotech – The \$748,000 is the remaining budget for engineering of Phase 4. Over \$1M has been spent for PER/ER and Pre/final design in the current fiscal year.

Line 17, Lega/Admin/Financing – This includes \$80,000 for bond counsel service, \$25,000 for Financing and Admin and \$60,000 for legal services.

Line 20, Interim loan interest – This is an estimated interest expense for the interim loan for 2 years at 2.58% interest rate.

Line 21, Interim Loan/LOC Payment – The amount of \$1,666,500 includes \$1,616,500 Line of Credit to pay off and \$50,000 estimated interest.

Line 22, Land/Easements – The District legal counsel is negotiating with the property owners to obtain the necessary easements for the Source Water Beaver Creek project and the budget of \$145,000 is what is set aside to obtain the needed easements.

Line 24, AMI/PRV Project – The last phase of the Phase 3 project is the installation of 2 PRVs. The contractor is still waiting for the PRVs that have been ordered. The \$20,000 budget is to complete the PRV installations if it's not completed this fiscal year 2018-19.

Line 25, Consultants \$100,000. As a condition of the District's water rights, OWRD is requiring additional monitoring and gathering of data pertaining to water flow and water temperature of Beaver Creek. The District signed a contract with GSI consultants who have the expertise and equipment needed to monitor and gather the information required by OWRD. The estimated cost for the tasks is \$68,000. Other areas where consultants might be needed would be for conservation planning and finding/obtaining grants.

President John Garcia motioned to approve Page 8, Capital Projects Fund budget. Tom Ryan seconded the motion. Motion carried 8 – 0.

Page 9, R.D. Requirement Reserve – This fund was required by USDA-RD 2012 Revenue Bond. The District needs to set aside the amount equal to one annual payment of the Revenue Bond which is \$74,333. The District has 10 years to build up the amount in the fund with an annual contribution of \$7,430 from the General Fund.

Line 5, is the annual transfer from the General Fund.
Line 15, Emergency System Repair/Bond Payment is budgeted in the event the money is needed. In the past, USDA permitted the District to borrow the accumulated fund contribution to pay for the District's share of City of Toledo's capital improvements.

Motioned by Commissioner Sandra Mies-Grantham to approve Page 8, R.D. Requirement Reserve. Motion was seconded by Commissioner Karen Otta. Motion carried 8 – 0.

Page 10, SLARRA/ Depreciation Reserve Fund. USDA-RD requirement for the 2016 GO Bond is for the District to set aside \$84,000 annually to replace assets with 5 to 15 years life span in a Short-lived Assets Replacement Reserve Account (SLARRA). The District already has an existing Depreciation Reserve to replace depreciated assets to include a rolling stock of its service vehicles in which the District sets aside \$50,000 annually.

Line 5, Transfer from General Fund is the \$84,000 annual requirement for SLARRA and \$50,000 for the District's rolling stock.

Line 16, Vehicle Replacement Program/Heavy Equipment \$100,000. The District needs to replace its 1996 JCB backhoe that is difficult to maintain since parts are no longer available in the market. The budgeted amount for the backhoe is \$60,000. The District will also replace the 2006 F250 truck for \$40,000.

Motioned by Commissioner Karen Otta to approve Page 10, SLARRA/Depreciation Reserve budget. Motion was seconded by President John Garcia. Motion carried 8 – 0.

Page 11, System Development Charges (SDC) Fund.
Line 7, The budgeted amount for SDC collection is \$58,728 for 16 meters at \$3,670.50 per new service connection.

Lines 15 – 17, are specific projects that SDC collections can be used for. Oregon Revised Statute governing SDC gives specific guidelines what SDC collections can be used for.

Discussions and Questions:
Tom Ryan asked if the fire department can install the fire hydrants? The budget officer, Adam Denlinger explained that the Master Plan 2010 includes replacements of fire hydrants

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according to specifications and the District engineers considered the input of the Fire Department personnel. The District also has a Design Standard that outlines the requirements for fire hydrant installations.
Motioned by Commissioner Karen Otta to approve Page 11, System Development Charges Fund budget. Motion was seconded by Tom Ryan. Motion carried 8 – 0.

Page 12, Water Source & Distribution System Reserve (WSDSR). Line 5, staff is recommending not to budget for transfer from the General Fund. The District is applying for USDA loan and grant to fund the Phase IV Beaver Creek Source Water Project. USDA federal level is looking at the District's finances for grant qualification and staff doesn't want to jeopardize its qualification for a favorable grant. Findings of No Significant Impact (FONSI) will be published in the local paper on May 26, if there is no comment received on the Biological Opinion by May 24.
This reserve fund could be used for maintaining and enhancing of water sources and improving the SRWD Distribution System.
Motioned by Barry Compton to approve Page 12, Water Source & Distribution System Reserve Fund budget. Motion was seconded by Commissioner Karen Otta. Motion carried 8 – 0.

Page 13, SRWD Land & Buildings Reserve Fund. This fund was set up to hold a reserve for buying the land for the office and shop facilities by transferring funds from the General Fund. The District has not made any transfer to this fund since the operation facilities have been completed. Staff is recommending to start building up this reserve for future use, like increasing the size of the conference room for different community functions besides the use by the District.
Motioned by Tom Ryan to approve Page 13, SRWD Land & Buildings Reserve Fund budget. Motion was seconded by Commissioner Karen Otta. Motion carried 8 – 0.

Motion to Approve:

President John Garcia motioned to approve the Permanent Rate Limit for General Fund as \$.1259 per 1,000 of the assessed value of the District, and the Exempt Bond amount of \$773,700 as the ad valorem property taxes to be certified for collection as of July 1, 2019. Motion was seconded by Commissioner Karen Otta. Motion carried 8 – 0.

Adjournment:

Commissioner Sandra Mies-Grantham motioned to adjourn the meeting. President John Garcia adjourned the meeting at 7:58 p.m.

Next Board Meeting:

May 9, 2019, at 4:00 p.m. Regular Board Meeting and Budget Hearing.

Approved by Secretary

Date

Monthly Statistics		Comments				
Total customers	2574	Includes new connection Less Abandoned / Forfeited meter plus 3 SRWD meters (shop X 2 & office) plus 1 Hydrant meter				
New connections	5					
Reinstalls	1					
Abandonments / Forfeitures / Meter Removed	0					
Financial Report		Checking/MM	LGIP/PFMA	Fund Balances	Comments	
General	\$267,564.88	\$16,932.91	\$284,497.79			
Bond	\$773,374.19	\$0.00	\$773,374.19			
Capital Projects	\$313,077.97	\$344,862.08	\$657,940.05	\$2,691,821.79 G.O. Bond Proceeds;		
Revenue Bond	\$2,714.41	\$16,095.15	\$18,809.56			
Rural Development Reserve	\$0.00	\$50,556.57	\$50,556.57			
Dist. Office/Shop Reserve	\$2,525.21	\$137,879.83	\$140,405.04			
Depreciation Reserve	\$0.00	\$140,822.38	\$140,822.38			
SDC (formerly SIP)	\$0.00	\$400,283.30	\$400,283.30	\$911,428.50 SDC collections thru 4/30/19		
Water Source Improvement Rsrv	\$0.00	\$875,618.40	\$875,618.40			
TOTALS	\$1,359,256.66	\$1,983,050.62	\$3,342,307.28			
General Fund Review		Current	FYTD	Budgeted Amount	Comments	
Revenue	\$161,428.16	1,669,707.35	\$2,533,700.00			
Expenses	\$132,164.64	1,593,402.14	\$2,533,700.00	Contingency \$100,000; Transfers \$640,000. Total expenses budgeted \$1,893,700.		
Net Gain or (Loss) from Operations	\$29,263.52	\$76,305.21				
Water Sales Revenue Comparison		Month	FYTD	Comments		
Projected Water Sales	\$139,126	\$1,460,233	Leak Adjustments & Billings Adjustments (YTD = July - June)			
Actual + In Lieu of Water Sales Less H2O CR	\$144,303	\$1,512,343	Less: Billing Adj YTD -\$99.09; Leak Adj YTD \$1,687.66			
Over or (Under)	\$5,176.86	\$52,109.32	TOTAL YTD ADJUSTMENTS \$1,588.57			
Gallage Comparison		Current	Prior Year	Cost Comparison	Current	Prior Year
Gallons Purchased	8,967,000	7,580,000	Toledo Charges	\$29,053.10	\$25,772.00	
Gallons Sold (includes accountable loss)	7,348,886	7,305,346	SRWD Sales	\$139,583.65	\$138,951.10	
Variance %	18.05%	3.62%	Ratio: Sales/Cost	4.80	5.39	
Accountable Water Loss (gallons)	725,000		City of Newport Intertie Usage		0	
Approval To Pay Bills		Payroll 4/12/19 \$20,108.26	Payroll 4/26/19 \$19,742.02			
Month of:	April	(after meetings)	May			
	GF A/P	\$5,087.12	GF A/P	\$41,102.65	up to 5/6/19	
	CPF A/P	\$0.00	CPF A/P	\$0.00		
	City of Toledo	\$0.00	City of Toledo	\$0.00		
	Bond Fund	\$0.00	Bond / Rev Bond Fund	\$498,745.77		
	Depreciation Rsv	\$0.00	Depreciation Rsv	\$0.00		
	AMI Project-Phase 3	\$0.00	AMI Project-Phase 3	\$0.00		
	Master Plan - Phase 3	\$0.00	Master Plan - Phase 3	\$0.00		
	MP - Phase 4 (IFA)	\$0.00	MP - Phase 4 (IFA)	\$4,417.03		
	Prelim. MP- Phase 4	\$0.00	Prelim. MP- Phase 4	\$0.00		
	Water Source Impr.	\$0.00	Water Source Impr.	\$0.00		
Monthly Accrual Statistics		Beg. Balance	Accrued	Used/Paid	Balance	
	3/31/2019				4/30/2019	
Office Overtime Hours (2-01)	0.00	0.00	0.00	0.00		
Field Overtime Hours (2-02)	0.00	0.00	0.00	0.00		
PTO (3-01)	2011.30	121.86	127.50	2005.66		
Comp Time (9-01 / 9-02)	151.26	16.88	28.00	140.14		



Seal Rock Water District

General Manager’s Report:
Board Meeting May 9, 2019

This report is an executive summary provided with this Board agenda to Commissioners with recommended actions if any. Detailed information, staff reports, and supporting materials are provided within the full agenda packet.

PHASE-4 SOURCE WATER PROJECT:

District staff continue working with consultants and representatives from USDA-RD to complete the final underwriting steps to qualify the project and complete the certification required to issue the Letter of Conditions funding package provided by USDA-RD.

On April 10th staff published the Notice of Availability (NOA) which began the 14-day public comment period related to the recently issued Biological Opinion (BiOp) from National Marine Fisheries Services (NMFS). No public comments were received by the deadline of April 14th. As such, District staff received authorization from representatives of USDA-RD to issue the Finding of No Significant Impact (FONSI) publication which appeared in the news times on April 26, 2019. USDA has made the FONSI with respect to a request for possible financing assistance to the Seal Rock Water District for the construction of the District’s new raw water intake Project located on Beaver Creek.

Phase-4 improvements project continues to move forward with several critical path tasks currently in progress:

- 100% final design and contract document have been completed by the engineer.
- Contract documents are being reviewed by USDA-RD in preparation for advertisement.
- District staff and representatives with USDA-RD are reviewing final finance information to satisfy USDA underwriting in preparation for receiving the draft Letter of Conditions (LOC).
- On March 26, 2019 the District received a letter provided by USDA-RD notifying the District that the source water project was eligible for financing.
- Staff is also working with representatives from USDA-RD, the District’s finance consultant, and Bond Counsel in preparation for Phase-4 interim financing.
- On April 4th, 2019 the District received the USDA-RD Public Notice Announcing the Availability of an Environmental Assessment which was published locally beginning April 10, 2019.
- Final design is also in statutory review by the State of Oregon, Health Authority (OHA) Department.

ALTERNATIVE WATER SUPPLY DEVELOPMENT WITH THE CITY OF WALDPART:

District staff have been working with City of Waldport representatives and engineers to discuss alternatives to provide connection between both systems to provide emergency source water. Comprehensive, publicly-vetted water planning is necessary to respond to the challenges of climate, infrastructure, conservation, and development in the Central Oregon Coast Region. The Mid-Coast Water Planning Partnership (MCWPP) is working to understand and balance both instream and out-of-stream water needs for communities, environments, and economies. Rooted in Oregon’s Integrated Water Resources Strategy (IWRs), the Place-Based Planning approach provides a space for communities like ours to work collaboratively with agency partners to understand and articulate their water resources challenges and needs, as well as identify and implement potential solutions to those needs.

These efforts bring water issues and solutions together ahead of a natural hazard and provides a value to the region. Alternative water supplies can only be recognized through understating the value of interconnection between neighboring suppliers.

The District Board received a presentation from the City of Waldport regarding the proposed intertie project at the April 11 regular Board meeting. The overall purpose of the intertie with neighboring systems would help the city in developing Waldport's Industrial Park and ensuring a resilient water supply for Waldport and the Mid-Coast Region. Funding to study this eventuality is provided by a grant through Local Economic Opportunity Fund (LEOF). Funding provided through LEOF will help Waldport Determine the feasibility of constructing water interties between Southwest Lincoln County Water District and Seal Rock Water District systems *(for emergency purposes)*:

Besides the connection the District currently uses for the supply of source water, the District also has a connection with the City of Newport for the emergency supply of source water. The connection being considered with the City of Waldport is being developed considering the same possibilities. Consideration for alternative regional water supply opportunities is also a subject of discussion within the Mid-Coast Water Planning Partnership (MCWPP) and is currently being explored by the municipal/district working group.

CITY OF TOLEDO WATER RATE SETTLEMENT AGREEMENT:

Subject to conditions of the 2012 Water Purchase Agreement, annually the District receives an adjustment for wholesale water from the District's primary water provider, the City of Toledo. The rate increase under this provision was approved by the Toledo City Council on December 5, 2018, through a resolution effective on January 1, 2019. However, before the rate was adopted, the District alerted the city through an email to the Public Works Director and City Manager (email dated November 23, 2018) that there seemed to be a large separation in the percentage of water used by the District and the city, which is included in the methodology for calculating the rate annually.

*Email excerpt dated November 23, 2018: For Toledo's consideration; as we evaluated the cost breakdown provided in the information the decrease in the rate is largely due to the decrease in the **percentage** of water purchased by the District. While the overall water purchased by the District is slightly less than the previous year, it looks like Toledo's demand has increased from an overall 53.2% to 60.91%, while the District's usage has dropped from 46.8% to 39.08% overall. Assuming the increase in Toledo usage is related to sales or system maintenance, it's not too concerning. However, unless the increase is accounted for this may be an indicator of a system condition that may necessitate further evaluation. Again...just our observation.*

Because the District anticipates adjustment in the wholesale purchase of water during the annual budget process, the proposed increase, while higher than originally approved by City Council in December 2018 can be absorbed through the budget process. If approved, the proposed increase will result in approximately \$50,000 increase for 2019, using last year's performance figures.

On January 28, 2019, the District received an email from the city with several attachments related to a recalculated water rate increase for Seal Rock Water District. That email advised of an intent to submit to the City Council on February 6, 2019, a "Request for Council Action" to raise the water rate to be charged to the District effective March 1, 2019, by \$.65 from \$3.24 to 3.89 per 1000 gallons. In response to that email and the proposed action, the District convened a meeting with Toledo Representatives to discuss an offer to settle the legal issues raised by this proposed action.

District staff and Commissioners have met with Toledo Staff and City Councilors to discuss settlement options regarding the recalculated rate. Representatives of the City and the District met on February 5th and February 19th, 2019 to discuss possible settlement as it relates to the recalculated rate. On March 12th the working group met again to discuss the development of a successor agreement and a copy of the staff report and agenda for the March 14th SRWD Board meeting was hand delivered to the City.

The District attempted on several occasions to settle the rate for 2020 through settlement negotiations, however this effort was punctuated by the City's position that the District must first concede to, and officially accept through Board action, an increase in the water rate for 2019. Staff, through consultation with the District's legal counsel, maintains that the District should receive some consideration for agreeing to raise the contract rate for 2019, as the contract does not allow rate changes throughout the year for any reason. If the District concedes that the City can raise the rate any time it feels their financial or administrative staff has made an error in a previous calculation, we could conceivably see multiple rate changes through 2019 and 2020.

Requesting that the City adjust the rate higher for 2020 through this negotiation is a fair compromise and would not negatively impact the City in any significant manner, and there is no good reason to not expect this consideration in return for the District paying an additional \$50k this year. The question for the Board is why should the District ratepayers expect to pay more than required under their contract without receiving anything in return?

On March 14th the District Board had the opportunity to consider proposed settlement options as a full Board for the first time, as an information and discussion item and to take any public comment. Representatives from the City of Toledo attended the meeting but chose not to provide public comment, short of expressing dissatisfaction related to the city's expectation the Board would approve the settlement option on March 14th. The Board of Commissioners directed staff to analyze this item further and bring it back to the April 11th regular meeting for consideration and formal action.

At the direction of the Board, staff conducted a thorough internal evaluation, along with a thorough review of the lengthy exchange of information between the City and the District over the past two years. Staff believes it's important to recognize that at no time during negotiations with the City over proposed settlements has the District negotiated unfairly or opposed the City's demand to adopt a recalculated rate. District staff maintains that approval of any settlement is a function of the Board and negotiations for settlement should incorporate fair and balanced benefit to both parties. The inconvenience experienced by the District for the second time in two successive years, as a result of the City not adopting the rate on time, or miscalculating the rate is something staff would seek to avoid in the future. Appropriately considered, the action by the City places the District in the unfortunate position to engage in settlement discussions with the City by no fault of the District. Staff believes it's important to remind the Board and the City that these incidents provide an intense distraction from the District's mission and demand staff time and unnecessarily consume District resources to settle the legal issues raised by the City.

City of Toledo staff attended the April 11, 2019 Seal Rock Water District Board meeting but chose not to provide any supporting comments regarding the negotiated settlement agreement between the entities as a result of a rate calculation error for the current years rate. The SRWD Board chose not to approve the settlement agreement leaving the rate dispute unresolved for 2019. It is anticipated that if the rate dispute remains unresolved, the City projects that they stand to lose approximately \$4,000 – \$5,000/month over the 2019 Calendar year depending on the amount of water purchased by the District. However, Performance_data indicates that the District's demand is trending down, signifying that the District's overall percentage used in the methodology for calculating the rate annually will be lower. Both the city and the District have factored into their proposed budgets funding to cover the cost of wholesale water in the event that the rate is not resolved moving forward for this budget cycle.

SRWD Board directed the District's legal counsel to pursue further negotiations with Toledo that provide fair and balanced benefit for both parties. The District notified the City they intend to no longer purchase water from the City for District customers effective October 30, 2020. District staff and city Council leadership have been meeting with representatives of SRWD in hopes of settling the disputed rate and developing a successor purchase agreement between the entities beyond the 10/31/19 termination deadline.

SRWD'S SHARE OF CITY OF TOLEDO'S MINOR and CAPITAL IMPROVEMENTS

	Actual Cost	Shared Cost	Minor Impr.	Major CIP Phase 2
Major/Minor Capital Improvements 2011-2012				
Minor Capital Improvements	\$111,382.20	\$55,691.10	\$55,691.10	
Major Capital Improvements Phase 2	\$99,030.68	\$49,515.34		\$49,515.34
TOTAL FY 2011-12	\$210,412.88	\$105,206.44		
Major/Minor Capital Improvements 2012-13				
Minor Capital Improvements	\$103,811.78	\$51,905.89	\$51,905.89	
Major Capital Improvements Phase 2	\$269,615.56	\$134,807.78		\$134,807.78
TOTAL FY 2012-13	\$373,427.34	\$186,713.67		
Major/Minor Capital Improvements 2013-14				
Minor Capital Improvements	\$139,635.78	\$69,817.89	\$69,817.89	
Major Capital Improvements Phase 2	\$239,006.06	\$119,503.03		\$119,503.03
TOTAL FY 2013-14	\$378,641.84	\$189,320.92		
Major/Minor Capital Improvements 2014-15				
Phase 2 CIP July - Aug 2014	\$301,074.14	\$150,537.07		150,537.07
Phase 2 CIP Oct 1 - Dec 10, 2014	\$1,179,639.38	\$589,819.67		589,819.67
Phase 2 CIP Dec 11, 2014-May 8, 2015	\$863,897.40	\$431,948.70		431,948.70
Phase 2 CIP May 9 - June 30, 2015	\$683,443.64	\$341,721.82		341,721.82
Minor Improv through June 23, 2015	\$32,586.64	\$16,291.32	\$16,291.32	
TOTAL FY 2014-15	\$3,060,641.20	\$1,530,318.58		
Major/Minor Capital Improvements 2015-16				
Phase 2 CIP July 1, 2015-Feb 29, 2016	\$457,229.22	\$228,614.61		228,614.61
Phase 2 CIP May 1, 2016 - May 31, 2016	\$130,565.70	\$65,282.85		65,282.85
TOTAL FY 2015-16	\$587,794.92	\$293,897.46		
	\$4,610,918.18	\$2,305,457.07		
TOTAL Minor CIP as of 6/23/2015	→	→	\$193,706.20	
TOTAL Major CIP as of 05/31/2016	→	→	→	\$2,111,750.87
TOTAL Minor CIP as of 6/23/2015	\$193,706.20			
TOTAL Major CIP as of 05/31/2016	\$2,111,750.87			
TOTAL SRWD SHARE 2011-2016	\$2,305,457.07			

At the request of the city, negotiations regarding a successor agreement have been ended pending the outcome of the settlement agreement. It should be understood that the District provided requested information to the city regarding the District's capital investment in the Toledo system over the past 8-years. The District provided a breakdown of major/minor capital costs funded by the District for Toledo improvements since FY 2011/2012. Most, if not all the major capital improvements are identified in the 2010 Toledo WMP and are summarized as capital improvements needed to properly serve the community's needs over the next 20-years. The design life of a water system component is the time that the component is expected to be useful based on its intended use and required function. The Toledo 2010 WMP goes on to describe the anticipated lifespan of equipment and structures (such as the Siletz River intake) to have a 20-year expected design life, while transmission and distribution piping (such as the Olalla Reservoir crossing) improvements have a 50 to 60-year useful life. The District is asking that the city consider this investment (perhaps similar to SDC's to justify an inside user rate to the District for a limited period of time) in calculating the proposed rate beyond October 30, 2020. The District has invested \$2.3M in the Toledo system since 2011 and would like to preserve this investment for future use as it benefits both the city and the District.



Toledo Siletz River intake completed in 2015:



Olalla Reservoir Pipeline Crossing completed in 2016:

Seal Rock Water District is an Equal Opportunity Service Provider and Employer.

Adam Denlinger, General Manager

adenlinger@srwd.org

www.srwd.org

OTHER NOTABLE ACTIVITIES FOR THE MONTHS OF APRIL/MAY INCLUDE:

23

- Attended Mid-Coast Integrated Water Resources Coordinating Committee meeting.
- Reviewed Easement and access agreements related to Phase-4 improvements.
- Participated in project team meeting to discuss Phase-4 permitting and 100% final design.
- Attended a meeting with consultants working on the Sampling and Analysis Plan (SAP) report for DEQ and OWRD.
- Met with Oregon Water Resource Department (OWRD) Water Master and consultants to complete flow testing on Beaver Creek.
- Attended meetings to discuss the implementation of the Mid-Cost Water Consortium.
- Met with representatives from USDA-RD to discuss Phase-4 funding.
- District staff and Engineer worked to provide USDA-RD with requested information related to project cost, short-lived assets and ongoing operation and maintenance documentation.
- Provided testimony at the State Capitol in support of OWRD funding package.
- Provided Notice of Availability (NOA) publication for Phase-4 Improvements Environmental Report.
- Staff facilitated the April 18, 2019 Budget Committee Meeting.
- Attended staff level planning meeting for the installation of new PRV's in Bayshore and Sand Piper communities.
- Worked with representatives of the Makai Special Road District to develop language for a replacement and repair easement.
- Provided Notice of Finding of No Significant Impact (FONSI) publication for Phase-4 Improvements Project.
- Provided an AMI project presentation to the Mid-Coast Water Planning Partnership Meeting.
- Met with representatives from Dig-deep strategic planning solutions to discuss opportunities for developing a strategic plan for future improvements.



Seal Rock Water District

DATE ACTION REQUESTED: May 09, 2019					
Ordinance	Resolution	Motion	Information	X	
Date Prepared: April 22, 2019			Dept.: Administration		
SUBJECT: Water Rate Adjustment			Contact Person for this Item: Adam Denlinger, General Manager adenlinger@srwd.org. 541-563-4447		

RECOMMENDED BOARD ACTION:

Consider a rate adjustment for FY 2019 - 2020

FINANCIAL IMPACTS:

The philosophy of the District has been to maintain a program of small annual increases to lessen the need for large one-time increases. Other considerations include; increases from the District's source water provider, satisfying annual debt service, transfers to capital and source water reserves, and planning a financial strategy for funding phase IV improvements. Adjustment in the rate will cover the cost of purchasing wholesale water.

DISTRICT GOAL:

Identify and prioritize challenges that must be overcome to ensure successful District operations dependent upon effective financial planning for the annual operation of the District.

BACKGROUND:

On January 28, 2019, the District received an email from the city with several attachments related to a recalculated water rate increase for Seal Rock Water District. That email advised of an intent to submit to the City Council on February 6, 2019, a "Request for Council Action" to raise the water rate to be charged to the District effective March 1, 2019, by \$.65 from \$3.24 to 3.89 per 1000 gallons. In response to that email and the proposed action, the District convened a meeting with Toledo Representatives to discuss an offer to settle the legal issues raised by this proposed action. District staff submitted settlement options to the Board that were untimely removed or rejected by the Board on April 11, 2019. At that time the District Board directed the District's legal counsel to engage the city in further settlement negotiations.

Due to the uncertainty regarding the cost for the purchase of wholesale water, along with adjustments to transfers from reserves. District staff have developed a proposed FY 2019-2020 budget that considers a rate for the wholesale purchase of water for the District from \$3.24 to \$4.18 per 1000 gallons for the next budget cycle, without a rate increase. This adjustment covers the increase in the cost of wholesale water from the District's source water provider. It is anticipated that the District can expect future increases in the purchase cost of source water until the 2012 water purchase agreement terminates on October 30, 2020.

Staff is requesting the Board defer action regarding a formal rate adjustment until settlement over the 2019 rate can be reached. Adjustment in the rate is a policy decision and is subject to public hearing in accordance with ORS, Chapter 264.312. If the Board desires to adjust the rate for FY 2019-2020 staff will need direction to notice a public hearing for June 13, 2019.

A. Denlinger

Submitted By: _____
 Adam Denlinger, General Manager



PO Box 190 · 1037 NW Grebe Street · Seal Rock, Oregon 97376
Phone: 541.563.3529 · FAX 541.563.4246 · Email: info@srwd.org

Seal Rock Water District

DATE ACTION REQUESTED: May 9, 2019					
Ordinance	Resolution	Motion	Information	X	
Date Prepared: April 30, 2019			Dept.: Finance		
SUBJECT: Strategic Planning Consultant Services			Contact Person for this Item: Adam Denlinger, General Manager adenlinger@srwd.org. 541-563-4447		

RECOMMENDED BOARD ACTION:

Consider entering into a consultant services agreement to provide strategic planning services.

FINANCIAL IMPACTS:

Membership for strategic planning services qualifies for funding through System Development Charges funds. Cost for services is \$20,000.

DISTRICT GOAL:

Prioritize challenges that must be overcome to assure successful operations dependent upon effective infrastructure improvements.

BACKGROUND:

While the District has been successful at funding major capital improvements using partner funding provided through USDA-RD, Business Oregon IFA, and FEMA Hazard Mitigation Grant program, more improvements are necessary to ensure system reliability and resiliency. Dig Deep Consultant Services serves to assist municipalities develop strategic planning for major capital improvements. Dig Deep has been successfully serving neighboring municipal agencies for several years, to include the City of Waldport and the City of Newport. Average return on investment for the City of Newport is 6 to 1, and for the City of Waldport its 3 to 1. Dig Deep Research is a national research firm that specializes in fund raising for capital and infrastructure projects. Dig Deep consultants have helped clients find and secure tens of millions of dollars by providing research and technical assistance services specific to government grant-seekers. Dig Deep is a woman-owned small business, and one of the only grants-industry companies that focuses on fundraising for capital and infrastructure needs.

The District has other infrastructure projects outside of the current primary source water project which will require a substantial amount of funding. Dig Deep uses a unique strategic planning process that helps leverage public revenues to compete for external funding. Consultant services for strategic planning is eligible for funding through SDC's.

A. Denlinger

Submitted By: _____
Adam Denlinger, General Manager

CONTRACTUAL SCOPE OF WORK/MEMBERSHIP PROPOSAL PREPARED FOR THE SEAL ROCK WATER DISTRICT

April 27, 2019

BACKGROUND

Seal Rock Water District (District) would like to identify and secure grant funding for its capital and infrastructure projects, and wants to hire Dig Deep to provide strategic planning services.

Dig Deep Research (Dig Deep) is a national research firm that specializes in fundraising for capital and infrastructure projects. Our strategists have helped clients find and secure tens of millions of dollars by providing research and technical assistance services specific to government grant-seekers. Dig Deep is a woman-owned small business, and one of the only grants-industry companies that focuses on fundraising for capital and infrastructure needs.

ACTIVITIES & OUTCOMES

By partnering with Dig Deep, the District will have access to industry-specific funding resources and strategic grants-planning services. Based upon the specific needs of the District, Dig Deep will conduct the following activities.

- Evaluate capital projects to determine funding potential
- Identify funding prospects that hold the greatest potential for success
- Conduct in-depth research on dozens of various grant programs
- Prepare a customized list of grant opportunities relevant to the City's capital projects
- Advise the District Manager about where to invest grant-seeking efforts and resources

The activities included in the proposed membership will help the District build capacity to secure government grants for capital and infrastructure projects.

DELIVERABLES

I. STRATEGIC PLANNING WORKSHOP

- This half-day workshop focuses on *how to implement a strategic planning approach*.
- Workshop will provide the "who, what, why, and how" of using a strategic planning approach.

- Workshop facilitators will explain how the model can help identify and secure new capital funding.
- District-specific projects will be discussed and evaluated during the workshop to help identify which capital projects have the greatest funding potential.
- Workshop facilitator will demonstrate how the Dig Deep Resource Library can be used to help the City identify and secure new capital funding.

II. RESOURCE LIBRARY

- Capital Grants Curriculum: An academic, self-directed overview of the lifecycle of capital grants. The curriculum consists of a series of modules, each consisting of basic concepts, higher-level strategy, and an actionable tool for specific steps in the grant lifecycle.
- Capital Grants Toolbox: A wide range of actionable planning tools to help think strategically and create more competitive grant applications.
- Helpful Links: Links to websites for statistical data for a wide variety of project types (e.g., Drought Conditions, Endangered Species, Water Resources).

III. FUNDING OPPORTUNITIES LIST

- A customized list of potential funding opportunities the City could consider pursuing, based on information obtained before and during the Strategic Planning Workshop.
- The Funding Opportunity List will include information such as: funder name, grant program, grant purpose, maximum grant amount, upcoming deadlines, matching requirements, and website link.

TERMS

I. INVESTMENT

The investment to receive the Basic Membership outlined above for the fiscal year ending 2020 is \$20,000. The Membership Period would last between 7/1/19 and 6/30/20. The District will be invoiced upon contract execution, or can be invoiced quarterly. The contract period can be extended to include multiple years, as agreed upon by both parties.

II. ASSUMPTIONS

- The District's Basic Membership allows the District to add additional consulting services at a reduced rate any time during the membership period.

- The District is responsible for preparing, assembling, and submitting funding proposals. Any decision not to submit a proposal for funding will not affect the terms of this membership contract.
- The terms of this proposal are valid until June 30, 2019, after which the terms must be revised.

III. APPROVAL

Both parties agree to the provisions outlined in this Scope of Work.

DIG DEEP RESEARCH, LLC

SEAL ROCK WATER DISTRICT

Tia Cavender, CEO

Adam Denlinger, District Manager

Date

Date



PO Box 190 · 1037 NW Grebe Street · Seal Rock, Oregon 97376
Phone: 541.563.3529 · FAX 541.563.4246 · Email: info@srwd.org

Seal Rock Water District

DATE ACTION REQUESTED: May 09, 2019							
Ordinance		Resolution		Motion		Information	X
Date Prepared: April 22, 2019				Dept.: Administration			
SUBJECT: Public Hearing Regarding the 2019 -2020 Proposed Budget				Contact Person for this Item: Adam Denlinger, General Manager adenlinger@srwd.org. 541-563-4447			

RECOMMENDED BOARD ACTION:

Consider Public Hearing regarding the FY 2019 - 2020 SRWD Budget.

FINANCIAL IMPACTS:

The 2018-2019 Budget reflects a total sum of \$22,206,858

DISTRICT GOAL:

Identify and prioritize challenges that must be overcome to ensure successful District operations dependent upon effective financial planning for the annual operation of the District.

BACKGROUND:

The proposed Seal Rock Water District annual budget for FY 2019 - 2020 has been prepared pursuant to Oregon Local Budget Law and meets or exceeds guidance provided in the Oregon Department of Revenues Local Budget Manual. The FY 2019 - 2020 budget includes projected loan and grant revenues for capital projects.

On April 18, 2019 the District's Citizen Member Budget Committee assembled to review and approve the budget for adoption by the District's Board of Commissioners. Pursuant to Oregon Budget Law the District is required to hold a Public Hearing to allow the public an opportunity to provide public testimony regarding the proposed budget.

A. Denlinger

Submitted By: _____
Adam Denlinger, General Manager

A public meeting of the BOARD OF COMMISSIONERS will be held on MAY 9, 2019
(Governing Body) (Date)
 at 4:00 p.m. at 1037 NW Grebe St. Seal Rock, Oregon. The purpose of this meeting is to discuss the budget for
(Location)
 the fiscal year beginning July 1, 2019 as approved by the SEAL ROCK WATER DISTRICT Budget Committee.
(Municipal Corporation)

A summary of the budget is presented below. A copy of the budget may be inspected or obtained at
1037 NW Grebe St. Seal Rock between the hours of 9:00 am and 3:30 pm, or on the district's website at
(Street Address)

www.srwd.org. This budget is for an annual; biennial budget period. This budget was prepared on a basis
(Website Address)
 of accounting that is: the same as; different than the preceding year. If different, the major changes and
 their effect on the budget are:

Contact Joy S King	Telephone number (541) 563-3599	E-mail info@srwd.org
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FINANCIAL SUMMARY - RESOURCES

TOTAL OF ALL FUNDS	Actual Amounts 2017-18	Adopted Budget This Year: 2018-19	Approved Budget Next Year: 2019-20
1. Beginning Fund Balance/Net Working Capital	2,711,978	2,916,800	3,317,700
2. Fees, Licenses, Permits, Fines, Assessments & Other Service Charges	165,764	125,028	125,028
3. Federal, State & all Other Grants, Gifts, Allocations & Donations	1,548,700	12,633,000	14,201,500
4. Revenue from Bonds & Other Debt	232,122	383,500	1,425,000
5. Interfund Transfers/Internal Service Reimbursements	547,950	640,000	448,570
6. All Other Resources Except Property Taxes	1,853,313	1,829,860	1,856,580
7. Property Taxes Estimated to be Received	1,004,919	817,560	832,480
8. Total Resources - add lines 1 through 7	8,064,746	19,345,748	22,206,858

FINANCIAL SUMMARY - REQUIREMENTS BY OBJECT CLASSIFICATION

9. Personnel Services	805,661	866,300	923,200
10. Materials and Services	657,122	834,400	923,430
11. Capital Outlay	2,053,896	15,583,978	18,513,238
12. Debt Service	913,056	926,410	924,560
13. Interfund Transfers	547,950	640,000	448,570
14. Contingencies	0	100,000	100,000
15. Special Payments	0	0	0
16. Unappropriated Ending Balance and Reserved for Future Expenditure	3,087,061	394,660	373,860
17. Total Tax Requirements - add lines 9 through 16	8,064,746	19,345,748	22,206,858

FINANCIAL SUMMARY - REQUIREMENTS AND FULL-TIME EQUIVALENT EMPLOYEES (FTE) BY ORGANIZATIONAL UNIT OR PROGRAM*

Name of Organizational Unit or Program			
FTE for Unit or Program			
Administration	259,716	269,800	282,300
FTE	4	4	4
Operations	245,566	247,000	265,000
FTE	5	5	5
Total Requirements	505,282	516,800	547,300
Total FTE	9	9	9

STATEMENT OF CHANGES IN ACTIVITIES AND SOURCES OF FINANCING*

PROPERTY TAX LEVIES

	Rate or Amount Imposed	Rate or Amount Imposed	Rate or Amount Approved
Permanent Rate Levy (Rate Limit 0.1259 Per \$1000)	0.1259	0.1259	0.1259
Local Option Levy	0	0	0
Levy for General Obligation Bonds	907,547	770,300	773,700

STATEMENT OF INDEBTEDNESS

Long Term Debt	Estimated Debt Outstanding on July 1	Estimated Debt Authorized, but not Incurred on July 1
General Obligation Bonds	10,848,638	6,549,000
Other Bonds - Revenue.....	1,254,466	5,296,500
Other Borrowings -LOC & IFA.....	1,707,424	0
Total	13,810,528	11,845,500

PO Box 190 · 1037 NW Grebe Street · Seal Rock, Oregon 97376
 Phone: 541.563.3529 · FAX 541.563.4246 · Email: info@srwd.org



Seal Rock Water District

DATE ACTION REQUESTED: May 9, 2019						
Ordinance	Resolution	Motion	X	Information		
Date Prepared: April 22, 2019			Dept.: Finance			
SUBJECT: Makai Special Road District Easement Agreement			Contact Person for this Item: Adam Denlinger, General Manager adenlinger@srwd.org. 541-563-4447			

RECOMMENDED BOARD ACTION:

Consider Replacement and Repair easement agreement with the Makai Special Road District.

FINANCIAL IMPACTS:

None

DISTRICT GOAL:

Prioritize challenges that must be overcome to assure successful operations dependent upon effective source water supply.

BACKGROUND:

Lincoln County Ordinance LCC6.380 included with this staff report affects all of the operations in Special Road Districts where the water district accesses surfaced roads and road right-of-way. Paragraph 7 is the operative language which requires permission from road districts. Also included with this staff report is a copy of ORS 758 and 368 which provides the District with authority to construct and maintain water facilities in the public right-of-way except within cities. The District's legal counsel has recommend developing a permanent easement with all road districts in the SRWD boundary, which allows the District to maintain facilities without additional permission for repairs of existing utilities, and all future permitted utilities. The easements would not need to describe the location of current water lines, but just refer to them as the existing lines. For any future (new) cuts across roads, the District will need to get permission in advance, but not develop another easement. Paragraph 9(d) requires restoration of the road surface, and the easement would reference that obligation. Draft easement agreement is also provided with this staff report for consideration by the Board and the Makai Special Road District.

A. Denlinger

Submitted By: _____
 Adam Denlinger, General Manager

**Makai Special Road District
13973 NW Alika Drive
Seal Rock, OR 97376**

REPLACEMENT AND REPAIR EASEMENT

Makai Special Road District grants to Seal Rock Water District a perpetual easement to cut, trench or otherwise remove road surfaces within the road district for the purpose of replacing, installing or repairing water lines and associated fixtures and facilities. Seal Rock Water District shall also have authority to close a road for such purpose for so long as is reasonably necessary. This easement shall apply to all currently existing lines, fixtures and facilities, and all such improvements that are placed under roads with the permission of the road district in the future. The road surface shall be restored to a condition equal to or better than that existing prior to the work, and as required by Lincoln County Code.

Dated this _____ day of _____, 2019

Makai Special Road District

Mr. Tom Ryan, Board Chair

STATE OF OREGON, County of Lincoln) ss.

This instrument was acknowledged before me on _____, 2019

_____, as Chair of Makai Special Road District.

Notary Public of Oregon



Seal Rock Water District

DATE ACTION REQUESTED: May 09, 2019							
Ordinance		Resolution		Motion	X	Information	
Date Prepared: April 22, 2019				Dept.: Administration			
SUBJECT: Mid-Coast Water Conservation Consortium IGA				Contact Person for this Item: Adam Denlinger, General Manager adenlinger@srwd.org. 541-563-4447			

RECOMMENDED BOARD ACTION:

Consider Executing the Mid-Coast Water Conservation Consortium IGA.

Consider approving a scope of work for the development of the Mid-Coast Water Conservation Consortium.

FINANCIAL IMPACTS:

SRWD will pay invoices provided by GSI but will be reimbursed by the cities of Lincoln City, Newport, Waldport and Yachats consistent with the Intergovernmental Agreement developed for this project. Each Participant shall contribute funds to the Fiscal Agent (SRWD) to cover the cost for its portion of the \$14,000 effort to develop a framework for water conservation consortium (see attached scope of work), as follows: City of Lincoln City: \$5,500. City of Newport: \$4,300. City of Waldport: \$1,200. City of Yachats: \$700. Seal Rock Water District: \$2,300.

BACKGROUND:

At the November 2018 regular meeting the SRWD Board of Commissioners authorized the District to participate in the Mid-Coast Water Conservation Consortium, and to serve as the lead agency for the consortium. ORS Chapter 190 authorizes units of local government to enter into written agreements with any other unit or units of local governments for the performance of any or all functions and activities that any of them has the authority to provide, and that the agreement may provide that such functions and activities may be performed by an intergovernmental entity created by the agreement and governed by a board or commission appointed by, responsible to and acting on behalf of the units of local government that are parties to the agreement.

Benchmarking identified in the SRWD Water Management and Conservation Plan (WMCP) approved by the Oregon Health Authority (OHA) obligates the District to develop an effective conservation outreach program. Many municipal water suppliers in the mid-coast region to include those listed in this staff report are under obligation to perform similar out reach programs. These agencies can perform these obligations independently or collaborate to develop a more regional conservation effort and recognize an economy of scale while developing a more effective program.

A. Denlinger

Submitted By: _____

Adam Denlinger, General Manager

**Intergovernmental Agreement of Mid-Coast Water Providers
Funding the Development of a Water Conservation Consortium**

This Intergovernmental Agreement is entered into by and among the undersigned municipalities and special districts, hereinafter called "Participants", to develop a framework for a Mid-Coast water conservation consortium.

Recitals

WHEREAS, ORS Chapter 190 authorizes units of local government to enter into written agreements with any other unit or units of local governments for the performance of any or all functions and activities that any of them has the authority to provide, and that the agreement may provide that such functions and activities may be performed by an intergovernmental entity created by the agreement and governed by a board or commission appointed by, responsible to and acting on behalf of the units of local government that are parties to the agreement; and

WHEREAS, all the Participants are thus authorized to enter into an intergovernmental agreement; and

WHEREAS, the Participants are water providers with water sources within the Mid-Coast of Oregon; and

WHEREAS, the signatories to this Agreement recognize that their respective customers can benefit through cooperative planning, management, and implementation of water conservation and drought response measures.

The parties, NOW, THEREFORE, agree as follows:

Section 1. Definitions

For the purpose of this Agreement the following terms shall be defined as follows:

"Agreement" - This document and any authorized amendments thereto.

"Fiscal Agent" - Shall manage the collection and distribution of funding to develop the framework for a water conservation consortium.

"Funds" - Shall consist of funding from any Participant provided to the Fiscal Agent to develop a framework for a water conservation consortium.

"Participant" - Shall mean a water provider contributing funds for development of the framework for a water conservation consortium.

Section 2. Purpose of a Water Conservation Consortium

The purposes of a water conservation consortium are as follows:

- A. To increase water conservation awareness and activities on the Mid-Coast, particularly during the summer
- B. To increase resiliency during droughts and emergencies by better aligning mitigation and response actions

- C. To increase coordination among water providers, including:
 - a. Communications and knowledge sharing,
 - b. Pooling of resources to accomplish more water conservation activities than what could be accomplished individually, and
 - c. Creating more consistent water conservation and drought response messages for customers.
- D. To meet Water Management and Conservation Plan benchmarks, as applicable

Section 3. Purpose of Developing a Framework for Water Conservation Consortium

The purposes of developing a framework for a water conservation consortium are as follows:

- A. To identify elements needed to operate a water conservation consortium, such as:
 - a. Potential water conservation and drought response services provided by the consortium (i.e. work plan),
 - b. Administrative operations and needs,
 - c. Membership requirements and member participation,
 - d. Estimated costs,
 - e. Funding mechanisms, and
 - f. Governance structures - Intergovernmental agreements, etc.; and
- B. To create a Year 1 draft work plan, schedule, and estimated costs
- C. To provide a forum for Participants to provide input on A and B.

Section 4. Cooperation and Participants’ Retained Authority

Participants shall act in a spirit of cooperation during development of the framework for water conservation consortium. By entering into this Agreement, no Participant has assigned or granted to another its water rights or authority to plan, construct, and operate its water system or perform any other obligations or duty assigned to it under law.

Section 5. Fiscal Agent

Seal Rock Water District is the designated fiscal agent for this effort to develop a framework for water conservation consortium.

Section 6. Monetary Contributions

- A. Each Participant shall contribute funds to the Fiscal Agent to help pay for its portion of the \$14,000 effort to develop a framework for water conservation consortium (see attached scope of work), as follows:
 - a. City of Lincoln City: \$5,500
 - b. City of Newport: \$4,300
 - c. City of Waldport: \$1,200
 - d. City of Yachats: \$700
 - e. Seal Rock Water District: \$2,300
- B. Participant contributions are based on the number of service connections.

Section 6. Term

The term of this Agreement shall be one year from the date that the last of the Participants of this Agreement signs this Agreement.

Scope of Services

Task 1: Consortium Research and Analysis

Under this task, GSI proposes to research and analyze the elements needed to operate a sustainable, accessible, and effective water conservation consortium. Specifically, this task would involve an investigation into:

- Current water conservation activities of water providers in the Mid-Coast,
- Existing Water Management and Conservation Plans (WMCPs) of water providers in the Mid-Coast and WMCP requirements,
- Potential water conservation services (including services that address WMCPs requirements) and drought response services provided by the consortium (i.e. work plan),
- Administrative operations and needs,
- Membership requirements and member participation,
- Estimated costs,
- Funding mechanisms, and
- Governance structures - Intergovernmental agreements, etc.

This task would also involve up to two in-person meetings with SRWD and the other supporting water providers to receive their input on the results of the investigations, the content of the framework during its development, and likely a draft intergovernmental agreement for operating the consortium. Under this task, GSI will develop a summary memo that describes the results of the investigations and the input received regarding the results of the investigations and the content of the framework.

Task 2: Consortium Framework Development

Under this task, GSI will document the consortium framework based on information from Task 1, which will include the Year 1 draft work plan, schedule, and estimated costs. GSI will go through a review and revision process for that framework with SRWD and the other supporting water providers. GSI would also provide support with development of a draft intergovernmental agreement for operation of the consortium.

Budget

GSI will conduct this work based on time and materials. The estimated budget for this project is \$14,000.

Exhibit 1 presents the estimated budget by task. This budget will not be exceeded without prior authorization from SRWD. Our understanding is that SRWD will pay invoices provided by GSI but will be reimbursed by the cities of Lincoln City, Newport, Waldport and Yachats consistent with an intergovernmental agreement developed for this project.

Exhibit 1. Budget

Task #	Task Description	Subtask #	Subtask Description	Adam Sussman	Principal Water	Resources Consultant	Suzanne de Szoeko	Water Resources	Consultant	Jill Larroil	Publications Manager/ Technical Editor	Intern	Administrative Support	GSI Labor Subtotal	Travel Expenses	Total
				\$190	\$125	\$115	\$65	\$85								
				Hours										\$		
1	Consortium Research and Analysis	1A	Consortium Approach and Services/Activities Identification (includes 1 meeting)	5	12	0	0	1						\$2,535	\$50	\$2,585
		1B	Consortium Administrative Needs Research and Analysis	0.5	12	0	2	0						\$1,725	\$0	\$1,725
		1C	Consortium Services/Activities Research and Analysis	1	12	0	3	0						\$1,885	\$0	\$1,885
		1D	Consortium Costs and Funding Research and Analysis	1	12	0	3	0						\$1,885	\$0	\$1,885
		1E	Meeting to discuss consortium framework (includes 1 meeting)	4	6	0	0	0						\$1,510	\$50	\$1,560
2	Consortium Framework Development	2A	Write the consortium framework	0	18	0	0	1						\$2,335	\$0	\$2,335
		2B	Review, revise, and finalize the consortium framework	2	8	1	0	0						\$1,495	\$0	\$1,495
		2C	Develop a sample intergovernmental agreement	0.5	3	0	0	0						\$470	\$0	\$470
Task 1 Total				11.5	54	0	8	1					\$9,540	\$100	\$9,640	
Task 2 Total				2.5	29	1	0	1					\$4,300	\$0	\$4,300	
TOTAL				14	83	1	8	2					\$13,840	\$100	\$13,940	

Mid-Coast Water Providers Agreement 2019-01

City of Lincoln City, by and through its designated official

City of Yachats, by and through its designated official

By Donald J. Hall

By _____

Title City Manager

Title _____

Date 3/15/19

Date _____

Richard J. Gill City Attorney

City of Newport, by and through its designated official

Seal Rock Water District, by and through its designated official

By _____

By _____

Title _____

Title General Manager

Date _____

Date May 9, 2019

City of Waldport, by and through its designated official

By _____

Title _____

Date _____



April 9, 2019

Adam Denlinger
General Manager
Seal Rock Water District
PO Box 190
Seal Rock, OR 97376

RE: Proposed Scope of Work - Mid-Coast Water Conservation Consortium - Initial Development

Dear Adam:

We understand that the 2018 Drought Declaration for Lincoln County combined with the identification of water conservation as a priority issue by the Mid-Coast Water Planning Partnership has motivated the Seal Rock Water District (SRWD) and other water providers on the Mid-Coast to establish a water conservation consortium. As we have discussed, this type of organization would be an effective vehicle for leveraging the resources of similar-situated water providers to accomplish the following:

- Increase water conservation awareness and activities on the Mid-Coast, particularly during the summer
- Increase resiliency during droughts and emergencies by better aligning mitigation and response actions
- Increase coordination among water providers, including:
 - Communications and knowledge sharing,
 - Pooling of resources to accomplish more water conservation activities than what could be accomplished individually, and
 - Creating more consistent water conservation and drought response messages for customers.
- Meet Water Management and Conservation Plan benchmarks, as applicable

GSI Water Solutions, Inc. (GSI) has prepared this proposed scope of work to develop the framework for a Mid-Coast water conservation consortium that meets the above objectives. This scope of work outlines two tasks: 1) consortium research and analysis and 2) consortium development.

Scope of Services

Task 1: Consortium Research and Analysis

Under this task, GSI proposes to research and analyze the elements needed to operate a sustainable, accessible, and effective water conservation consortium. Specifically, this task would involve an investigation into:

- Current water conservation activities of water providers in the Mid-Coast,
- Existing Water Management and Conservation Plans (WMCPs) of water providers in the Mid-Coast and WMCP requirements,
- Potential water conservation services (including services that address WMCPs requirements) and drought response services provided by the consortium (i.e. work plan),
- Administrative operations and needs,
- Membership requirements and member participation,
- Estimated costs,
- Funding mechanisms, and
- Governance structures - Intergovernmental agreements, etc.

This task would also involve up to two in-person meetings with SRWD and the other supporting water providers to receive their input on the results of the investigations, the content of the framework during its development, and likely a draft intergovernmental agreement for operating the consortium. Under this task, GSI will develop a summary memo that describes the results of the investigations and the input received regarding the results of the investigations and the content of the framework.

Task 2: Consortium Framework Development

Under this task, GSI will document the consortium framework based on information from Task 1, which will include the Year 1 draft work plan, schedule, and estimated costs. GSI will go through a review and revision process for that framework with SRWD and the other supporting water providers. GSI would also provide support with development of a draft intergovernmental agreement for operation of the consortium.

Budget

GSI will conduct this work based on time and materials. The estimated budget for this project is \$14,000. Exhibit 1 presents the estimated budget by task. This budget will not be exceeded without prior authorization from SRWD. Our understanding is that SRWD will pay invoices provided by GSI but will be reimbursed by the cities of Lincoln City, Newport, Waldport and Yachats consistent with an intergovernmental agreement developed for this project.

Exhibit 1. Budget Estimate.

Task #	Task Description	Subtask #	Subtask Description	Adam Sussman	Principal	Suzanne de Zoelke	Water Resources Consultant	Jill Carroll	Publications Manager/ Technical Editor	Intern	Administrative Support	GSI Labor Subtotal	Travel Expenses	Total
				\$190	Water Resources Consultant	\$125	Water Resources Consultant	\$115	Hours	\$65	\$85		\$	
1	Consortium Research and Analysis	1A	Consortium Approach and Services/Activities Identification (includes 1 meeting)	5	12	0	0	1				\$2,535	\$50	\$2,585
		1B	Consortium Administrative Needs Research and Analysis	0.5	12	0	2	0				\$1,725	\$0	\$1,725
		1C	Consortium Services/Activities Research and Analysis	1	12	0	3	0				\$1,885	\$0	\$1,885
		1D	Consortium Costs and Funding Research and Analysis	1	12	0	3	0				\$1,885	\$0	\$1,885
		1E	Meeting to discuss consortium framework (includes 1 meeting)	4	6	0	0	0				\$1,510	\$50	\$1,560
2	Consortium Framework Development	2A	Write the consortium framework	0	18	0	0	1				\$2,335	\$0	\$2,335
		2B	Review, revise, and finalize the consortium framework	2	8	1	0	0				\$1,495	\$0	\$1,495
		2C	Develop a sample intergovernmental agreement	0.5	3	0	0	0				\$470	\$0	\$470
<i>Task 1 Total</i>				11.5	54	0	8	1			\$9,540	\$100	\$9,640	
<i>Task 2 Total</i>				2.5	29	1	0	1			\$4,300	\$0	\$4,300	
TOTAL				14	83	1	8	2			\$13,840	\$100	\$13,940	

Schedule

We are prepared to begin work upon receiving authorization to proceed. We estimate that the draft work plan under Task 2 will be developed within 3 months of notice to proceed.

Thank you for this opportunity to assist you with development of this exciting new program for Mid-Coast water providers. We look forward to hearing back from you. Please call me at 541-257-9001 if you have any questions.

Sincerely,
GSI Water Solutions, Inc.



Adam Sussman
Principal Water Resources Consultant



Suzanne de Szoeki
Water Resources Consultant

**GSI Water Solutions, Inc.
55 SW Yamhill, Suite 400
Portland, Oregon 97204**

PROFESSIONAL SERVICES AGREEMENT

Client:

Adam Denlinger
General Manager
Seal Rock Water District
PO Box 190
Seal Rock, OR 97376

Name of Project: Mid-Coast Water Conservation Consortium – Initial Development

Seal Rock Water District (CLIENT) authorizes Groundwater Solutions, Inc, dba GSI Water Solutions, Inc. (GSI) to perform the following water rights consulting services.

Scope of Services

- The attached proposal letter dated April 9, 2019 to Adam Denlinger presents the scope of work for this project.

Compensation

- The scope of work outlined in the proposal letter dated April 9, 2019 will be completed on a time and materials basis, billed as provided herein. GSI has provided you with a good faith estimate that the work should not exceed \$14,000. GSI reserves the right to adjust this amount in the event of encountering unforeseen issues relating to the project, which may arise during the time of the contract. In the event GSI must adjust price, it will contact the client at its earliest convenience to discuss adjustment of the total cost of the project. The total cost will then be subject to mutual Agreement of the parties.

Schedule

- GSI will proceed with the work in a professional and expeditious manner, unless delayed by the unforeseen unavailability of necessary labor, restricted access to the work site, discovery in handling of toxic materials, delays in communications with the client, insufficient or unworkable drawings or specifications, changes in the work, or any other causes beyond GSI's control. While GSI shall, at all times, conscientiously proceed with the work, the estimated time to complete this project as outlined in the letter dated April 9, 2019 is only for the benefit of the client's general planning. The actual completion time is subject to factors listed above. GSI will not be responsible for any financing costs or other consequential damages or costs incurred by the client due to delays in the completion of the project.

Terms:

Services covered by this Agreement will be performed in accordance with the attached provisions and schedules. This Agreement supersedes all prior Agreements and understandings and may only be changed by written amendment executed by both parties.

GSI WATER SOLUTIONS, INC.

SEAL ROCK WATER DISTRICT

Signature:

Signature:

Name (printed):

Name (printed):

Title:

Title:

Date:

Date:

Provisions

Authorization to Proceed

Execution of this Agreement by the CLIENT will be authorization for Groundwater Solutions, Inc. (GSI) to proceed with the services, unless otherwise provided for in this Agreement.

Compensation Rates

Compensation for services provided under this agreement will be on a time and materials basis in accordance with the rates contained in the Attached fee schedule. The hourly labor rates shown in Attachment are subject to annual adjustments effective each anniversary of the contract signing date.

Subcontracts and Direct Expenses

When services are performed on a cost reimbursement basis, a markup of 10 percent will be applied to subcontracts and outside services and a markup of 10 percent will be applied to Direct Expenses. For purposes of this Agreement, Direct Expenses are defined to include those necessary costs and charges incurred for the project including, but not limited to the direct costs of transportation, meals, lodging, mail, shipping, equipment, supplies, laboratory test and analysis, printing and reproduction services, and certain field equipment.

All sales, use, value added, business transfer, gross receipts, or other similar taxes will be added to GSI compensation when invoicing CLIENT.

Ownership of Documents

GSI agrees that all original documents produced by GSI in accordance with this agreement, are work made for hire and shall become the property of CLIENT. CLIENT agrees to waive any claim against Consultant and to indemnify, defend and hold harmless Consultant for any and all claims arising out of any use, not authorized in writing by GSI, of these documents by third parties not related to this agreement.

Cost Opinions

Any cost opinions or project economic evaluations provided by GSI will be on a basis of experience and judgment, but, since GSI has no control over market conditions or bidding procedures, GSI cannot warrant that bids, ultimate construction cost, or project economics will not vary from these opinions.

Payment to GSI

Monthly invoices will be issued by GSI for all services performed under this Agreement. CLIENT shall pay each invoice within 30 days.

In the event of a disputed billing, only that disputed portion will be withheld from payment, and the undisputed portion will be paid. CLIENT will exercise reasonableness in disputing any bill or portion thereof.

Insurance

GSI will maintain throughout this Agreement the following insurance:

- (a) Worker's compensation insurance in the statutory amount of not less than \$1,000,000 for all employees engaged in the work. Owners of GSI who are exempt from worker's compensation requirements shall maintain equivalent disability insurance.
- (b) Comprehensive automobile and vehicle liability insurance covering claims for injuries to members of the public and/or damages to property of others arising from use of motor vehicles, including onsite and offsite operations, and owned, non-owned, or hired vehicles, with \$1,000,000 combined single limits.
- (c) Commercial general liability insurance covering claims for injuries to members of the public or damage to property of others arising out of any covered negligent act or omission of GSI or of any of its employees, agents, or subcontractors, with \$2,000,000 per occurrence and \$2,000,000 in the aggregate.
- (d) Professional liability insurance of \$1,000,000 per occurrence and \$2,000,000 in the aggregate.

Insurance coverage in (b) and (c) above will name CLIENT and OWNER as additional insureds. Such insurance will be the primary coverage to GSI and CLIENT.

Before commencing work under this contract, GSI will furnish CLIENT with certificates of insurance verifying coverages and additional insureds. Certificates also will state that the insurance carrier will give CLIENT thirty (30) days notice of any insurance cancellation or material alteration.

Standard of Care

GSI will complete its services with the standard of care and degree of skill and diligence normally employed by professionals performing the same or similar services in the locality in which the services are performed.

Indemnification

GSI agrees, to the fullest extent permitted by law, to indemnify and hold harmless CLIENT from damages, liabilities, and costs to the extent such liabilities, and costs are caused by GSI's negligent acts, errors, or omissions in the performance of professional services under this agreement, or anyone for whom GSI is legally liable.

CLIENT agrees, to the fullest extent permitted by law, to indemnify and hold harmless GSI from damages, liabilities, and costs to the extent such liabilities, and costs are caused by Client's acts, errors, or omissions, or anyone for whom the CLIENT is legally liable.

In the event that damages, liabilities and costs are caused by the joint or concurrent negligence of CLIENT and GSI, they shall be borne by each party in proportion to its own negligence. This provision is intended to indemnify and hold harmless each other and each other's clients specifically in any situation in which employees, agents, and representatives commence a third party action for injuries or death otherwise covered by applicable workmen's compensation laws.

Limitation of Liability

GSI's liability will, in the aggregate, not exceed \$100,000. This Provision takes precedence over any conflicting Provision of this Agreement or any document incorporated into it or referenced by it.

This limitation of liability will apply whether GSI's liability arises under breach of contract or warranty; tort, including negligence; strict liability; statutory liability; or any other cause of action, and shall include GSI's officers, employees, and subcontractors.

Severability and Survival

If any of the provisions contained in this Agreement are held illegal, invalid or unenforceable, the other provisions shall remain in full effect. Limitations of liability shall survive termination of this Agreement for any cause.

No Third Party Beneficiaries

This Agreement gives no rights or benefits to anyone other than CLIENT and GSI and has no third party beneficiaries except as provided in *Limitation of Liability*.

Materials and Samples

Any items, substances, materials, or samples removed from the project site for testing, analysis, or other evaluation will be returned to the project site unless agreed to otherwise. CLIENT recognizes and agrees that GSI at no time assumes title to said items, substances, materials, or samples. CLIENT recognizes that GSI assumes no risk and/or liability for a waste or hazardous waste site originated by other than GSI.

Assignments

Neither party shall have the power to or will assign any of the duties or rights or any claim arising out of or related to this Agreement, whether arising in tort, contract or otherwise, without the written consent of the other party. Any unauthorized assignment is void and unenforceable.

Integration

This Agreement incorporates all previous communications and negotiations and constitutes the entire Agreement of the parties. If CLIENT issues a Purchase Order in conjunction with performance of the services, general or standard terms and conditions on the Purchase Order do not apply to this Agreement.

Force Majeure

If performance of the services is affected by causes beyond GSI's reasonable control, project schedule and compensation shall be equitably adjusted.

Changes

CLIENT may make or approve changes within the general Scope of Services in this Agreement, subject to GSI approval and with appropriate adjustment for costs and time for performance. If such changes affect GSI's cost of or time required for performance of the services, an equitable adjustment will be made through an amendment to this Agreement.

Termination

This Agreement may be terminated for convenience on 30 days' written notice or if either party fails substantially to perform through no fault of the other and does not commence

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correction of such nonperformance within 5 days of written notice and diligently complete the correction thereafter. The preceding sentence does not apply to a non-payment for services rendered, at which time, the client shall be deemed to be in default and GSI may suspend services. On termination, GSI will be paid for all authorized work performed up to the termination date plus termination expenses, such as, but not limited to, reassignment of personnel, subcontract termination costs, and related closeout costs.

Attorney's Fees

In case this Agreement is referred to an attorney for collection, suit, or action, including arbitration, by any of the parties to enforce any provision of this Agreement, the prevailing party shall be entitled to, in addition to any award of costs or disbursements provided by statute, such additional sums as the court may adjudge reasonable as attorney's fees and costs to be allowed in such suit or action, including sums allowed as reasonable attorney's fees and costs on any appeal of such suit or action.

Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the State of Oregon and venue of any action shall be in Multnomah County, Oregon.



2019 GSI Fee Schedule

Labor Category Hourly Rate

Technical Professionals

Principal	\$180 - \$240
Supervising	\$150 - \$210
Managing	\$135 - \$160
Consulting	\$120 - \$145
Project	\$100 - \$130
Staff	\$90 - \$120

Other Services

GIS/Graphics	\$100 - \$165
Editor/Documents	\$110 - \$125
Administration	\$65 - \$100

The hourly rate for trial preparation and expert witness testimony is 1.5 times the standard billing rate shown above.

Expenses

- **Mileage:** IRS authorized rate/mile plus 10 percent markup
- **Direct expenses and outside services:** Cost plus 10 percent markup