

**SEAL ROCK WATER DISTRICT**  
**MINUTES OF THE**  
**Regular Board Meeting and Budget Hearing**  
**May 12, 2016**

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7 Call Regular

8 Board Meeting: Board President John Garcia called the regular board meeting to order at 4:02 p.m.,  
9 Thursday, May 12, 2016.

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

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15 Excused Absences:

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17 Announcements: Joy King announced Mocon's Payment Requests No. 6 for Schedule 1 and Schedule 2  
18 were not received before the meeting packet was distributed. Copies of the pay requests  
19 were given to each board member for their review and approval.

20 Public Comments: None

21 Consent

22 Calendar: Items on the consent calendar are Invoice lists for April/May 2016; minutes of the April 14,  
23 2016 regular board meeting; minutes of the April 21, 2016 Budget Committee Meeting;  
24 April/May 2016 Financial Report/Invoices to approve; Project Monitoring Report No. 7;  
25 Mocon Corp. Schedule 1 Payment Application No. 6 and Schedule 2 Payment Application  
26 No. 6; General Manager's Report; John Filbert motioned to approve the consent  
27 calendar. It was seconded by Glen Morris. Motion carried 5-0.

28 Discussion and  
29 Information Item:  
30 Emergency Pipeline  
31 Replacement:

32 Staff will meet with the contractor on Monday, May 16, 2016 to sign the contract for 143<sup>rd</sup>  
33 Street emergency line repair. The target date to start is May 30, 2016.  
34 The contractor for the Oceania Drive emergency line repair is ready to start but it has  
35 taken longer to process the USDA Emergency Community Water Assistance Grant  
36 (ECWAG) for funding. This program is relatively new and SRWD is one of the first ones to  
37 apply. There are several certificates needed to comply as required. Once funding is  
38 available, it will take 2 to 3 weeks to complete the project. Staff will send out a community  
39 advisory to 143<sup>rd</sup> Street and Oceania Drive customers informing them of the upcoming  
40 emergency repair projects.

41 Phase 3 Project  
42 Update:

43 There was a meeting this morning with SRWD staff, Mocon Corp President, Bob Morrow  
44 and his staff and Civil West Engineers. The purpose of the meeting was to discuss and  
45 resolve issues regarding safety. Also the schedule to finish the project was discussed.  
46 Last week when the contractor was chlorinating the new water line at the corner of Hwy  
47 101 and Pacific Shores the contractor failed to open the control valve on the new line. As  
48 a result 130 gallons of highly chlorinated water was pumped into the line that feeds the  
49 line to the City of Newport. District staff, Brad Wynn isolated and flushed the line. The risk  
50 of this incident was discussed with Bob Morrow. The GM, Adam Denlinger requested to  
51 consider replacing the Project Manager. The GM received a phone call from USDA  
52 engineer this afternoon informing him of his support regarding how the issues are  
53 handled. In response to the GM's request to replace the PM, a letter was distributed to  
54 each of the meeting attendees. The letter, signed by Bob Morrow was in support of the  
55 PM. In doing this the company assumes full responsibility of the PM's unsafe practices in  
56 managing the project. The result of the meeting is to move forward with the same PM and  
57 Mocon will hire a subcontractor to help finish the project on time. The subcontractor needs  
58 to be approved by USDA before they can start working on the project. Mocon's PM and  
59 the RPR will manage the subcontractor. Mocon requested to work on Saturdays to meet  
60 the project deadline and the District is in support of this and approved the request.

61 Source Water Project  
62 Update:

As part of the pre-engineering of the Water Source Project, staff met with CH2M Hill  
engineers 2 weeks ago to look at the sites for intake. The property owned by David Young  
on the south side of the bridge is suitable for intake. The pole barn site was also visited.

63 The site is suitable but the building is not big enough to house the treatment plant and a ½  
64 million gallons clear well. The property owned by Cristler is too close to the conservation  
65 area. The Flansberg's property has substantial challenges because of its elevation.  
66 The engineers will attend the June 9 board meeting to report and update the board of their  
67 findings of the site visit.  
68 The engineer believes the Makai storage site is suitable to build a treatment plant. The  
69 Makai site is about 1 ½ miles from the Beaver Creek bridge. The Makai tank can also be  
70 used for clear well. The tank could be rehabilitated for \$250,000. How an earthquake  
71 could affect the tank was discussed. The engineer will give a preliminary report at the  
72 June board meeting to include the geo-tech of the site.  
73 The permit application process with WRD is on track. The GM and consultants (GSI and  
74 Attorney) attended a meeting with Mr. Dwight, WRD representative. The result of the  
75 meeting was a direction from Mr. Dwight for the consultants to draft the condition for using  
76 Beaver Creek as source water for the District. The consultant will submit the draft  
77 condition to WRD tomorrow May 13, 2016. After it goes through review the application will  
78 be released for a 45 days public comment period.

79 Water Rate  
80 Adjustment: Water rate was not discussed at the last meeting. Staff needs direction from the board.  
81 The City of Toledo increased the whole sale rate from \$3.41 to \$3.57 per 1,000 gallons  
82 beginning January 1, 2016. The increase is estimated as \$21,000 per year. The interest  
83 for the Line of Credit (LOC) that paid for the District's share of the City of Toledo's Capital  
84 Improvement is estimated as \$34,000. The board discussed to adjust the rate to cover the  
85 increase from the City of Toledo and the interest due on the LOC. It was the consensus of  
86 the board to increase the base rate by \$.50 and increase the water usage rate. The  
87 combination of both should bring in an estimated income of \$55,000. The board directed  
88 the staff to put together a rate table calculating the rate increase and send out the Notice  
89 of Rate Hearing with the bills that will be mailed out on the third week of May. The Rate  
90 Hearing will be on June 9, 2016 during the regular meeting.

91 Decision Items:  
92 SDIS Board  
93 Member: The Board discussed an opportunity for the General Manager, Adam Denlinger to apply to  
94 be an SDIS Board Trustee when a vacancy occurs. It's up to the GM to manage his time.  
95 It was motioned by John Filbert to authorize the GM to serve as an SDIS Board Trustee if  
96 he chooses to apply. Motion was seconded by Glen Morris. Motion carried 5-0.

97 Public Hearing:  
98 Budget Hearing: John Garcia opened the Budget Hearing to the public to consider comment regarding the  
99 FY 2016-17 budget approved by the Budget Committee on April 21, 2016.  
100 The public present had no questions or comments regarding the FY 2016-17 Budget.  
101 John Garcia closed the Budget Hearing.  
102 The Board discussed the necessary changes on the General Fund budget to reflect the  
103 revenue for the rate increases to cover the appropriations for the water purchase from the  
104 City of Toledo and the interest on the Line of Credit. Glen Morris motioned to increase the  
105 Resources under line 7, labeled Water Sales to \$1,646,400 to reflect the \$55,000  
106 increases in water rates; on page 3 increase the appropriations under Materials and  
107 Services line 11, labeled Toledo Water Purchases to \$501,000 to reflect the \$21,000  
108 increase on the wholesale water rate; and on page 4 , increase the appropriations under  
109 Transfers to other Funds, line 4, labeled Capital Projects Fund to \$134,000 to reflect the  
110 \$34,000 for the interest on the Line of Credit. To increase page 9 Capital Project Fund  
111 under Resources, line 6, labeled Transfer from General Fund to \$134,000; and to  
112 increase appropriation on line 20, labeled Interim Loan Interest to \$199,400. Motion was  
113 seconded by John Garcia. Motion carried 5-0.

114 Reports, Comments,  
115 and Correspondence:  
116 2016-17 Health Insurance  
117 Premium: Health Insurance Premium will increase 11% beginning July 1, 2016. SDIS did an  
118 evaluation of all Districts participating in the self-insured program considering  
119 demographics (location, age, and number of claims) and made adjustments accordingly.  
120 John Dougherty, the District health insurance agent of record put together a comparison  
121 of SDIS rate with three other health insurance options. The recommendation is to stay  
122 with SDIS. (See attached comparison).  
123

124 SLCFL: Several months ago Kerry Kemp, Waldport City Manager asked Adam Denlinger if the  
125 District would participate in the South Lincoln County Ford Leadership Community Mosaic  
126 Art Planter Project. The idea is to tie the three communities (Seal Rock, Waldport and  
127 Yachats) together by putting 3 planters in each community. Local artists will design and  
128 decorate each planter representing each of the community. This project has been  
129 completed and SRWD staff moved 3 planters from Yachats to Seal Rock close to the  
130 wood carving place along highway 101. The one in Waldport is located in front of the Frog  
131 chocolate store along highway 101. The one in Yachats is also located along highway  
132 101.  
133

134 OWR Commission: The Oregon Water Resources Commission will have a meeting in Newport in the  
135 afternoon of May 19, 2016. The City of Newport will host a tour for the OWR Commission  
136 in the morning and invited the GM, Adam Denlinger to participate in the tour to show the  
137 commission the intertie between SRWD and the City of Newport. The group will also tour  
138 the City of Newport intake location. Beverly Beach Water District will also be visited. The  
139 intent is to make the tour informative for the commission to visit each of the agency's  
140 jurisdictions so they can see how each organization manages water and can hear  
141 about successes and challenges as it applies to water supply, treatment and distribution.  
142

143 Executive Session: None

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145 Next Board Meeting: June 9, 2016 at 4:00 p.m. Regular Board Meeting & Rate Hearing or establish date.  
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147 Adjournment: Garcia adjourned the meeting at 5:35 pm.  
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156 Approved by Secretary

Date