

**SEAL ROCK WATER DISTRICT
MINUTES OF THE
Regular Board Meeting
October 6, 2016**

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7 Call Regular

8 Board Meeting: Board President John Garcia called the regular board meeting to order at 4:00 p.m.,
9 Thursday, October 6, 2016.

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

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15 Excused Absences: None

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17 Announcements: Rob Mills announced he will not be able to attend the November 10, 2016 board meeting.
18 Glen Morris announced room reservations for commissioners were made for the Feb 6-9
19 SDAO Conference.

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21 Public Comments: None

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23 Consent

24 Calendar: Items on the consent calendar are Invoice Lists for September/October 2016; minutes of
25 the September 8, 2016 regular board meeting; September/October 2016 Financial
26 Report/Invoices to approve; USDA Phase 3- Project Monitoring Report No 12; USDA
27 ECWAG Project Monitoring Report No.2; Mocon Corp. Schedule 1; Payment Application
28 No. 11; Schedule 2 Payment Application No. 11; Ray Wells Inc. Payment Application No.
29 2; General Manager's Report; Destroy archived records beyond state required retention
30 limit per ORS Chapter 166. Glen Morris motioned to approve the consent calendar.
31 Motion Seconded by Rob Mills. Motion carried unanimously.

32 Discussion and
33 Information Item:
34 Phase IV Conceptual
35 Design:

36 Adam Denlinger, GM reported that the District received the signed water use permit for
37 Beaver Creek from Water Resources Department. The District needs to comply with the
38 conditions of the permit.
39 Engineers from CH2M Paul Berg and Nason McCullough presented and discussed with
40 the board the Conceptual Design for Beaver Creek Water Supply. It was discussed that all
41 required conditions of the water permit issued by Water Resources Department are
42 included in the conceptual design report. The engineer discussed that according to past
43 records, occasionally sea water goes into Beaver Creek clear up to the intake site. This
44 will bring in salt to the intake area for several days. It is not known if the salt is in the
45 bottom or on top. When this happens the District will need water from another source. It
46 was discussed that the District might have enough stored water in the reservoirs
47 depending on the time of the year and customers water usage.
48 Results of an earthquake were discussed. No one knows what the result of a 9.0
49 earthquake but the intake and treatment facility will be designed according to the best
50 available technology, design and materials.
51 Results of a tsunami were also discussed. When a tsunami comes in it will follow the river
52 and when it goes out it could make its own path.
53 The pipes will be HDPE which is very resilient to movement and the pipes are mostly
54 located on higher ground. The location of the treatment plant and electrical will be above
55 the 100 year flood plain. A portable pump station/treatment plant was discussed. This was
56 not included in the conceptual design but recommended by the engineers to be included
57 as an amendment.
58 Water quality on Beaver Creek was also discussed. In the summer when water is lower
59 than normal the water has an orange color which indicates the water has iron and
60 manganese. There are chemicals that can be used to pretreat the water. The presence of
61 iron and manganese needs to be considered when deciding what type of membrane to
use to treat the water.

62 Project Management using CM/GC (Construction Manager/General Contractor) method
63 was discussed. This method consists of two phases – design and construction. It involves
64 the engineer and the construction manager during preconstruction in designing the
65 project. The construction manager then will bid on the project. If the owner, designer and
66 an independent cost estimator agree that the contractor has submitted a fair price, then
67 the owner issues a construction contract. Using this method could save in construction
68 cost. But USDA-RD program doesn't allow CM/GC method for the type of project the
69 District is seeking funding for.

70 Prequalification of contractors to submit bids is allowed by ORS. Bidders will be a pool of
71 qualified contractors. It is also important to check references. If funding comes from USDA
72 the project could be managed using ECGCD – a contract between the District and the
73 contractor. USDA also requires Environmental Report and Preliminary Engineering
74 Report.

75 The engineer also recommended including portable generators for the portable treatment
76 plant and portable pump station.

77 Cost estimate for Phase IV project is about \$12.1 million which included a 25%
78 contingency. We are in the beginning phase of the project and there are several unknown
79 factors at this stage. USDA engineer already expressed concern that 25% is too high for
80 contingency.

81 Glen Morris motioned to approve the October 2016 SRWD Phase IV Conceptual Design
82 Report for the Beaver Creek Water Supply as presented by CH2M Engineering
83 Consultants with an amendment to include portable generators, portable pump station,
84 and portable treatment plant. Motion seconded by Rob Mills. Motion carried unanimously.

85 Refinancing Existing
86 Debt:

87 The Board had a discussion with David Ulbricht through teleconference regarding
88 refinancing of existing debts and obtaining financing for Phase IV project. David Ulbricht
89 explained that as a financial advisor he has to follow the new rules and regulations by
90 MSRB- Municipal Securities Rulemaking Board by having a Municipal Advisory Services
91 Agreement signed with the District. This replaces previous agreements signed. He is now
92 a consultant under SDAO as a municipal advisor. The first part of the document is the
93 Municipal Advisory Services Agreement and the second part are Exhibit A which is the
94 Project Request #1 to refinance existing debts; and Exhibit B which is Project Request #2
95 to seek financing to fund the Phase IV Project.

96 It was discussed that two of the District's existing debts – 2012 G.O. Bond and 2013 G.O.
97 Bond have call dates of 2021 and 2023 respectively; therefore they don't qualify for
98 refinancing. The other two existing debts – 2011 G.O. Bond and 2012 Revenue Bond
99 qualify for refinancing. David Ulbricht will do an evaluation if it is advantageous for the
District to refinance these two existing debts with lower interest rates.

100 The District has \$6.549 G.O. Bond authority but the estimated cost of Phase IV project is
101 \$12+ million. Different funding options for the remaining \$5.5 million Phase IV project
102 costs were discussed which included Line of Credit, Revenue Bond, and to seek out a
103 G.O. Bond authority from the voters. The Board asked David Ulbricht to find out if the
104 District pursues its own financing and not use USDA, is it possible to break the project into
105 different parts and seek financing and grants for each part of the project.

106 One Stop option was also discussed. It is where all funding agencies like USDA, IFA,
107 DEQ, EPA, and other agencies who have grants and loan funding available listen to
108 presentations of different agencies who are seeking grants and loans to fund their
109 projects. It was discussed that if the District chooses to do the One Stop option it is
110 advantageous to have the General Manager, the Financial Advisor, the engineer and a
111 Board member attend the presentation.

112 David Ulbricht recommended for the District to adopt a Refunding Resolution if the District
113 intends to reimburse expenses incurred as preliminary expenses before obtaining
114 financing for phase IV project.

115 Glen Morris motioned to approve David Ulbricht as the District's Financial Advisor under
116 SDAO and authorize the General Manager, Adam Denlinger to execute the Municipal
117 Advisory Services Agreement. Motion was seconded by Sandra Mies-Grantham. Motion
118 carried unanimously.

119 Emergency Pipeline
120 Replacement:

121 Oceania Drive:

122 The Oceania Drive Emergency waterline replacement project from Marineview to Oceania
123 Drive going south to the Spit area has been completed. The total project cost is \$168,286
funded with USDA Emergency Community Water Assistance Grant (ECWAG) \$150,000

124 and \$18,286 paid from the District's own finances. Due to installations of the new
125 waterline, several cubic yards of sand contaminated with rocks was displaced and doesn't
126 qualify to be returned to the beach. The District has an obligation to remove the
127 contaminated sand which will require additional costs. Staff is working with county
128 approving official for a permit for a contractor to remove the contaminated sand.

129 Phase 3

130 Improvements Update: Phase 3 Improvements Project was considered substantially complete on September 28
131 with 27 days liquidated damages. The contractor is pursuing final completion on
132 November 5, 2016 pursuant to the contract.

133 Decision Items:

134 Board Vacancy: The Board of Commissioners reviewed the two applications received from two individuals
135 (Karen Jacobs Otta and Thomas Glen Ryan) who are interested to fill the vacant position
136 created by the resignation of John Filbert. The Board feels very fortunate to have two well
137 qualified individuals that responded to the advertised board vacancy. Rob Mills motioned
138 to appoint Karen Jacobs Otta to fill the vacant Position No. 4 for the remaining term of one
139 year. Motion was seconded by Glen Morris. Motion was carried unanimously.

140 Reports, Comments,

141 Correspondence:

142 SRRFD Fish Fry The General Manager extended an invitation to the Board on behalf of the Seal Rock
143 Rural Fire District Board of Commissioners to the SRRFD Community Fish Fry on October
144 8, 2016.

145 GM Annual Performance

146 Review:

147 The General Manager distributed the Performance Evaluation form, Activity List, and the
148 General Manager Responsibilities Chart to each commissioner. When completed they will
149 give them to John Garcia who will tabulate the results and discuss them at the November
150 10, 2016 board meeting during the GM performance review.

151 Executive Session: None

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153 Next Board Meeting: November 10, 2016 at 4:00 p.m. Regular Board Meeting.

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155 Adjournment: John Garcia adjourned the meeting at 6:08 pm.

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165 **Approved by Secretary**

Date