

SEAL ROCK WATER DISTRICT
MINUTES OF THE Regular Board Meeting
February 14, 2019

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6 Call Regular

7 Board Meeting: President John Garcia called the regular board meeting to order at 4:00 p.m., Thursday,
8 February 14, 2019.
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10 Present: President John Garcia; Commissioner Glen Morris, Treasurer; Commissioner Rob Mills,
11 member; Commissioner Karen Otta, Member. Staff: Adam Denlinger, General Manager; Joy
12 King, Office Manager. See sign in sheet for public attendance.
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14 Excused Absences: Commissioner Sandra Mies-Grantham; Secretary
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16 Announcements: Commissioner Karen Otta will not be able to attend the March Board meeting.
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18 Public Comments: None
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21 Agenda Calendar: Items on the consent calendar are Invoice Lists for January/February 2019;
22 January 10, 2019 Board Meeting Minutes; January/February 2019 Financial Report/Invoices
23 to approve; USDA Project Monitoring Report No. 40; and General Manager's Report.
24 Commissioner Glen Morris motioned to approve the Consent Calendar. Motion was
25 seconded by commissioner Rob Mills. Motion carried 4 – 0.

26 Discussion and
27 Information Items:

28 Primary Source Water: The recent federal shut down that lasted 34 days had an unintended impact on the Beaver
29 Creek Source Water Project. USDA and National Marine and Fisheries Services (NMFS)
30 were in consultation process when the federal government shut down and reopened on
31 January 28. The approval process of the Biological Assessment (BA) by NMFS is 6 weeks
32 behind schedule. It will be farther behind as the BA has to go through 2 legal review
33 processes before a Biological Opinion (BiOp) will be issued. Staff is working with the
34 engineers to complete 90% of the project final design and working on obtaining permits from
35 local and state agencies- Lincoln County Planning and Department of State Lands (DSL).
36 Once NMFS issues the BiOp, USDA will then issue a Letter of Condition obligating funds for
37 the SRWD Phase 4 Project. The District can then engage Bond Counsel to start the process
38 to obtain an interim financing. The engineers are working on the Bid documents.
39 District consultants are concerned about the project schedule delay to meet the in-water work
40 period. This delay could push the project into another year.
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42 Adam Denlinger, GM met with IFA staff in Salem and joined by phone were Holly Halligan,
43 USDA Representative, David Ulbricht, SDAO Financial Advisor and Joy King, SRWD staff to
44 discuss the project delay caused by the recent federal government shut down. IFA who is
45 funding part of Phase 4 project is willing to adjust the funding schedule. If USDA funding
46 doesn't go through, IFA might fund the whole project.
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48 Audit Report: Joy King, Office Manager updated the Board regarding the draft audit report that was emailed
49 to each Board Member for review and comments. The filing of the audit report has been
50 delayed related to new compliance requirements by GASB and the State Audit Division for
51 the auditors. Staff will complete the MD&A and will turn that over to the auditor no later than
52 February 25, 2019. Comments on the draft audit should be emailed to the office before Feb
53 25.

54 Whole Sale Water
55 Rate:

56 In December, the District received information from the City of Toledo that there will be a
57 reduction of whole sale rate from \$3.40 to \$3.24 per one thousand gallons beginning
58 January 1. That rate was adopted by Resolution by the City Council. On January 28, the
59 District received a letter via email from the Public Works Director, as Notice of User Rate
60 Correction for Calendar Year 2019, due to using incorrect data in the past calculation. The
61 corrected rate is \$3.89 per one thousand gallons.

62 On February 4, 2019 District staff, Adam Denlinger and Joy King and commissioners, Rob
63 Mills and Sandra Mies-Grantham with the District's legal counsel met with City of Toledo
representatives to discuss the proposed action to revise the wholesale rate. The information

64 provided for Board review includes string of emails, proposed action by the City to adjust the
65 rate after discovering that the recently adopted wholesale rate to the District was
66 miscalculated back in December 2018. The GM has been in discussion with the District's
67 legal counsel regarding the need to enter into a Settlement Agreement just like last year due
68 to not receiving the rate adjustment in a given time contained in the contract. District staff
69 recommended to include in the Settlement Agreement adjusting the rate for Jan 2020, and to
70 include language for the City to provide the District with continued source water beyond the
71 October 2020 termination period. It was agreed by the group to settle the rate beginning May
72 1, 2019 and for the City PW Director to present the proposed Settlement Agreement drafted
73 by the District's legal counsel to their City Council for review and approval. It was agreed to
74 continue the discussion regarding the rate for Jan 2020 and the rate for continued source
75 water beyond October 2020. The next group meeting is set for February 19, 2019 at City of
76 Toledo at 11 a.m.

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78 Decision Items: None

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80 Reports & Comments: The GM will attend the OAWU Annual Management & Technical Conference on March 4 thru
81 8, 2019 in Sunriver. The District office will be closed on February 18, 2019 in observance of
82 Presidents Day.
83 The District was approached by the City of Newport Airport regarding their needs of fire flow.
84 The completed 98th Street line improvement through Emery's property was done to improve
85 fire flow but the system was not performing to its expected fire flow capacity. Field crew
86 started investigating the new 98th Street waterline and flushed in different sections and found
87 and removed a 4x2 wood trapped in the meter screen. Removing that obstruction improved
88 the hydraulic of the system and produced the expected fire flow. The higher volume of water
89 caused leaks in the Surfland area where the waterline is old and fragile. The GM
90 recommended to replace that aging section of waterline.

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92 Adjournment: Commissioner Glen Morris motioned to adjourn the meeting. President John Garcia
93 adjourned the meeting at 5:20 p.m.

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95 Next Board Meeting: March 14, 2018 at 4:00 p.m. Regular Board Meeting.

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104 Approved by Secretary Date