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SEAL ROCK WATER DISTRICT
Regular Board Meeting
Thursday, December 13, 2018 @ 1:30 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 | November/December – 2018 |
| • Board Meeting Minutes | November 15, 2018 |
| • Financial Report / Approve Invoices | November/December – 2018 |
| • USDA Project Monitoring Report #38 | December 2018 |
| • General Manager's Monthly Report | November/December – 2018 |

4. Discussion and Information Items:

- Consider Primary Source Water Project 60% final design Update.
Presented by: Paul Burg, Jacobs Engineering Design Team
- Consider Wholesale Water Purchase, Rate Adjustment.
Presented by: Adam Denlinger, General Manager

5. Decision Items:

None:

6. Reports, Comments and Correspondence:

- Personnel Action Form needs Commissioners' Signatures
- SRWD Office will be closed December 24th and 25th in honor of the Christmas Holiday.
- SRWD Office will be closed January 1, 2019 in celebration of the New Year's Holiday.
- Registration for the February 6th to 10th, 2019 SDAO Annual Conference is open.

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

- (e) To deliberate with persons designated by the governing body with regards to sale/purchase of real property.

8. Adjournment: Next Meeting: January 10, 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
01-1310						
MARSHA E SCHELL	112018	Refund Overpaid Final Bill	11/20/2018	18.99	.00	
Total 01-1310:				18.99	.00	
01-5203						
GRIMSTAD & ASSOCIATES	43495	Work in progress on June 30, 201	11/16/2018	1,800.00	.00	
Total 01-5203:				1,800.00	.00	
01-5291						
US POSTAL SERVICE - WALDP	112118	Bulk Mailing	01/12/2018	891.04	.00	
Total 01-5291:				891.04	.00	
01-5310						
TCB SECURITY SERVICES INC.	226387	Answering/Dispatch Services Mon	11/28/2018	40.00	.00	
TCB SECURITY SERVICES INC.	226387	Answering/Dispatch Services Lev	11/28/2018	2.20	.00	
Total 01-5310:				42.20	.00	
01-5610						
CENTRAL LINCOLN P.U.D.	112118	Utility Services x 15	11/21/2018	1,836.92	.00	
Total 01-5610:				1,836.92	.00	
01-5630						
LINCOLN COUNTY PAROLE & P	570	Seal Rock Water Dist. 98th Street	11/09/2018	400.00	.00	
Total 01-5630:				400.00	.00	
01-5634						
ANALYTICAL LABORATORY GR	109632	Coliform, Presence/Absence by S	11/12/2018	245.00	.00	
Total 01-5634:				245.00	.00	
Grand Totals:				5,234.15	.00	

Dated: NOV-30, 2018

General Manager: A. Winkler

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						
SHERIDAN ATWOOD	113018	Refund Overpayment	11/30/2018	159.70	.00	
Total 01-1310:				159.70	.00	
Grand Totals:				159.70	.00	

Dated: NOV 30, 2018

General Manager: A. [Signature]

Dated: _____

Treasurer: _____

[Signature]

**SEAL ROCK WATER DISTRICT
MINUTES OF THE
Regular Board Meeting
November 15, 2018**

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- Call Regular Board Meeting:** President John Garcia called the regular board meeting to order at 4:00 p.m., Thursday, November 15, 2018.
- Present:** President John Garcia; Commissioner Glen Morris, Treasurer; Commissioner Sandra Mies-Grantham, Secretary; Commissioner Rob Mills, member and Commissioner Karen Otta, member. Staff: Adam Denlinger, General Manager; Joy King, Office Manager. See sign in sheet for public attendance.
- Excused Absences:** None
- Announcements:** Joy King announced the agenda has been revised adding an item under reports, comments, and correspondence.
- Public Comments:** None
- Agenda Calendar:** Items on the consent calendar are Invoice Lists for October/November 2018; May 10, 2018 Board Meeting Minutes; July 12, 2018 Board Meeting Minutes; October 11, 2018 Board Meeting Minutes; October/November 2018 Financial Report/Invoices to approve; USDA Project Monitoring Report No. 37; and General Manager's Report. Motioned by commissioner Sandra Mies-Grantham to approve the agenda calendar with the exceptions of the May 10, July 12, regular board meeting minutes. Commissioner Rob Mills seconded the motion. Motion carried 4 – 0. Commissioner Glen Morris abstained from voting since he was not present at the Oct 11 board meeting.
Motioned by commissioner Rob Mills to approve the May 10, 2018 board meeting minutes, seconded by commissioner Sandra Mies-Grantham. Motion carried 3 – 0. Commissioners John Garcia and Karen Otta abstained from voting since they were not present at the May 10 regular board meeting.
Motioned by commissioner Rob Mills to approve the July 12, 2018 regular meeting minutes, seconded by commissioner John Garcia. Motioned carried 3 – 0. Commissioners Karen Otta and Sandra Mies-Grantham abstained from voting since they were not present at the July 12 regular board meeting.
- Discussion and Information Items:**
- Primary Source Water:** The Biological Assessment submitted by the District to National Marine Fisheries Service (NMFS) is in 135 mandatory consultative review process. NMFS and USDA are the two federal agencies who are involved with this consultation process. District staff and consultant are in communication with the agencies and will report more at the December board meeting.
- City of Toledo Meeting:** The General Manager, Adam Denlinger attended a City of Toledo work session on Nov. 13 and reported that the City is in transition with a new City Mayor and 3 new City Councilors. He is encouraged by the conversation he had with the City Council and the incoming City Mayor. The District received the FY 2017-18 draft Trial Balance from the City of Toledo and the whole sale rate calculation showing a reduction from \$3.40 to \$3.24 per one thousand gallons effective January 1, 2019. The City Council has requested for the GM, Adam Denlinger to do a project presentation in a January work session.
- Mid-Coast Conservation Consortium:** As a result of the 2018 Drought Declaration for Lincoln County, the state requires the development of a community conservation consortium and is looking for an agency to take leadership in developing the conservation consortium. SRWD is one of the lead agencies that comprise the Mid-Coast Planning Partnership (MCP), who has already identified water conservation as a priority issue. Agencies (City of Newport, Lincoln City, City of Waldport, City of Yachats, and SRWD) who are members of the MCP believe that developing a Conservation Consortium would be effective in increasing water conservation awareness, increasing resiliency during drought and emergencies, increasing coordination among water providers, and meeting Water Management and Conservation Plan benchmarks. GSI, Water Solutions, Inc is the consultant who will help in the initial development of the Mid-Coast Water Conservation Consortium by doing Consortium Research and Analysis and Consortium

65 Framework Development. The estimated cost for these tasks is \$14,000 which will be shared
66 from monetary contribution from each participating agency according to the number of their
67 service connections. SRWD share is \$2,300. The final document – Intergovernmental
68 Agreement of Mid-Coast Water Providers Seeking Development of a Water Conservation
69 Consortium will be ready in January 2019 for approval. 5

70 GM Performance
71 Review:

72 The GM, Adam Denlinger's Performance Review was conducted in an open meeting.
73 Commissioner Sandra Mies-Grantham expressed that she depends on his feedback and
74 solutions on issues presented to the Board, he is a positive communicator, has gained public
75 trust from the Board and the community, and he practices equity and inclusion in dealing with
76 employees and customers.
77 Commissioner Rob Mills shared his experience as he visits other agencies as a consultant
78 doing assessments. He has encountered difficult situations in both big and small agencies.
79 The District had its own trouble in the past that has been overcome and it is a pleasure for
80 him to come to the office and feel and see the trust among the employees.
81 Commissioner Karen Otta agreed to all that has been said and expressed her concern that
82 the GM might overdo with too much involvement with other responsibilities besides his
83 normal responsibilities as the SRWD General Manager. She suggested to make sure that he
84 finds balance in all that he does.
85 Commissioner Glen Morris thanked the GM for finding the best consultants which made the
86 projects tremendously easy.
87 Commissioner John Garcia expressed how he appreciates the GM in making the place a
88 positive place for the Board, the employees and the customers.
89 Adam Denlinger, GM expressed appreciation for the trust and support the Board gives him.
90 He assured the Board that with all his involvement in the community that he checks his
91 priorities and that he does his best when he is busy and he has the support of the staff.
92 The Board discussed the year end bonus and the GM recommended that instead of giving
93 him the bonus to divide that amount equally to all the employees. It has been a busy year
94 completing the AMI project and all employees work hard in doing their part saving the District
95 money and completed the project under budget. Commissioner Glen Morris motioned to give
96 each employee \$400 as a year end bonus and one step increase for the GM. Commissioner
97 Karen Otta seconded the motion. Motion carried 5 – 0.

98 Decision Items: None

99
100 Reports & Comments: A letter from Attorney Traci McDowall on behalf of Lance Stimely was discussed. Mr. Stimely
101 lives in Makai Subdivision and is concerned that the upcoming raw water pipeline that will be
102 installed from Beaver Creek through Kona Place to the District's Makai Tank site will flood his
103 basement. The GM will contact and will have a conversation with Attorney Traci McDowall.
104 He will also prepare a response that will include the engineering plan and will invite Mr.
105 Stimely to review the engineering plan. All the District's projects follow the standards set by
106 statutes and the American Water Works Association (AWWA).
107

108 Special District Award: The GM submitted the District's AMI Project to Special District Association of Oregon (SDAO)
109 for an award consideration and the District was selected to receive the Special District Award
110 Recognition in February 2019 during the Annual SDAO Conference which will be held in
111 Sunriver.
112

113 Annual Luncheon: The Annual Employee Appreciation Luncheon will be on Dec. 13, 2018 at 11:30 am at
114 Georgie's Restaurant.
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116 Adjournment: Commissioner Rob Mills motioned to adjourn the meeting. President John Garcia adjourned
117 the meeting at 5:30 p.m.
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119 Next Board Meeting: December 13, 2018 at 1:30 p.m. Regular Board Meeting.
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127 Approved by Secretary

128 Date

Monthly Statistics		Comments			
Total customers	2561	Includes new connection Less Abandoned / Forfeited meter plus 3 SRWD meters (shop X 2 & office) plus 1 Hydrant meter			
New connections	1				
Reinstalls	0				
Abandonments / Forfeitures / Meter Removed	0				
Financial Report	Checking/MM	LGIP/PFMMA	Fund Balances	Comments	
General	\$335,300.06	\$16,759.28	\$352,059.34		
Bond	\$560,116.32	\$0.00	\$560,116.32		
Capital Projects	\$336,404.27	\$299,744.02	\$636,148.29	\$2,691,821.79 G.O. Bond Proceeds;	
Revenue Bond	\$2,712.73	\$4,404.43	\$7,117.16		
Rural Development Reserve	\$0.00	\$48,673.56	\$48,673.56		
2000 Loan Reserve	\$0.00	\$0.00	\$0.00		
Dist. Office/Shop Reserve	\$2,523.65	\$136,673.14	\$139,196.79		
Depreciation Reserve	\$0.00	\$106,686.70	\$106,686.70		
Special Projects / ODOT Reserve	\$0.00	\$0.00	\$0.00		
SDC (formerly SIP)	\$0.00	\$359,148.46	\$359,148.46	\$871,053.00 sdc collections thru 11/30/18	
Water Source Improvement Rsrv	\$0.00	\$822,671.76	\$822,671.76		
TOTALS	\$1,237,057.03	\$1,794,761.35	\$3,031,818.38		
General Fund Review	Current	FYTD	Budgeted Amount	Comments	
Revenue	\$206,700.17	921,203.07	\$2,533,700.00		
Expenses	\$124,678.36	760,595.07	\$2,533,700.00	Contingency \$100,000; Transfers \$640,000. Total expenses budgeted \$1,893,700	
Net Gain or (Loss) from Operations	\$82,021.81	\$160,608.00			
Water Sales Revenue Comparison	Month	FYTD	Comments		
Projected Water Sales	\$130,695	\$778,584	Leak Adjustments & Billings Adjustments (YTD = July - June)		
Actual + In Lieu of Water Sales Less H2O CR	\$147,260	\$823,449	Less: Billing Adj YTD -\$104.30; Leak Adj YTD \$1407.33		
Over or (Under)	\$16,565.08	\$44,865.65	TOTAL YTD ADJUSTMENTS \$1,303.03		
Gallage Comparison	Current	Prior Year	Cost Comparison	Current	Prior Year
Gallons Purchased	5,370,000	9,040,000	Toledo Charges	\$18,258.00	\$30,284.00
Gallons Sold (includes accountable loss)	7,592,105	6,364,160	SRWD Sales	\$142,259.68	\$130,514.27
Variance %	-41.38%	29.60%	Ratio: Sales/Cost	7.79	4.31
Accountable Water Loss (gallons)	675,000		City of Toledo Intertie Usage		0
Approval To Pay Bills	Payroll 11/9/18 \$20,050.00		Payroll 11/23/18 \$19,787.81		
Month of:	November	(after meetings)	December		
GF A/P	\$6,550.93	GF A/P	\$33,546.90	up to 12/7/18	
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	\$0.00		
Depreciation Rsv	\$0.00	Depreciation Rsv	\$0.00		
AMI Project-Phase 3	\$0.00	AMI Project-Phase 3	\$8,325.00		
Master Plan - Phase 3	\$0.00	Master Plan - Phase 3	\$0.00		
MP - Phase 4 (IFA)	\$0.00	MP - Phase 4 (IFA)	\$900.00		
Prelim. MP- Phase 4	\$0.00	Prelim. MP- Phase 4	\$17,338.00		
Water Source Impr.	\$0.00	Water Source Impr.	\$0.00		
Monthly Accrual Statistics	Req. Balance	Accrued	Used/Paid	Balance	
	10/31/2018			11/30/2018	
Office Overtime Hours (2-01)	0.00	0.00	0.00	0.00	
Field Overtime Hours (2-02)	0.00	1.00	1.00	0.00	
PTO (3-01)	1872.15	118.78	156.50	1834.43	
Comp Time (9-01 / 9-02)	117.89	31.13	30.50	118.52	

Project Monitoring Report
 With Exhibit A and Invoices
 Date: 11/1/18-11/30/18

Type of Request Final ~~Partial~~ Report Number 38

Borrower: SEAL ROCK WATER DISTRICT
 Address: P. O. Box 190 Seal Rock, Oregon 97376

BUDGET ITEMS	STATUS OF BUDGET					
	PROGRAMS		FUNCTIONS		ACTIVITIES	
	(a) Budgeted Amounts	(b) Budget Change	(c) Revised Budget	(d) Previous Total	(e) This Period	(d)+(e) TOTAL
All entries under column b must be justified with an attachment.						
All entries under column e must be documented with attached invoice.						
a. Administrative Expense- Preliminary		\$5,153	\$5,153	\$5,153		\$5,153
b. Preliminary Engineering- ER/PER		\$498,108	\$498,108	\$498,108		\$498,108
c. Geotechnical Studies				\$0		\$0
d. Land, Structures, Right-of-way				\$0		\$0
e. Civil West Engineering				\$0		\$0
1) Basic Engineering Svcs	\$563,763	(\$519,763)	\$44,000	\$44,000		\$44,000
2) Additional Services/Inspection	\$402,688	(\$62,099)	\$340,589	\$340,589		\$340,589
f. Other Engineering				\$0		\$0
1) AMI Engineering Services -Civil West		\$197,662	\$197,662	\$166,093		\$166,093
2) Additional Services				\$0		\$0
g. Interest & fees (interim financing)	\$210,000	(\$152,807)	\$57,193	\$57,193		\$57,193
h. Legal/Administration	\$201,344	(\$155,153)	\$46,191	\$41,908		\$41,908
i. Contingencies	\$595,375	(\$549,034)	\$46,341	\$0		\$0
j. Equipment	\$395,000	(\$385,270)	\$9,730	\$9,730		\$9,730
k. Demolition/Removal	\$365,000	(\$365,000)		\$0		\$0
l. Site Work	\$369,600	(\$369,600)		\$0		\$0
m. Construction Cost :	\$2,897,275	\$365,518		\$0		\$0
1) Sched: 1		(\$32,322)	\$960,871	\$960,871		\$960,871
2) Sched: 2		(\$26,111)	\$2,243,489	\$2,243,489		\$2,243,489
3) Other: B Creek-Electrical Work PUD		\$3,113	\$3,113	\$3,113		\$3,113
4) Other:SCADA-The Automation Group		\$29,112	\$29,112	\$29,112		\$29,112
5) AMI Project		\$1,363,901	\$1,363,901	\$1,363,901		\$1,363,901
6) AMI Project- Other Equipment		\$20,000	\$20,000		\$8,325	\$8,325
7) Schedule 2 - PRVs Project		\$134,592	\$134,592			\$0
n. TOTAL PROJECT COST	\$6,000,045	\$0	\$6,000,045	\$5,763,260	\$8,325	\$5,771,585
o. Funding Allocation						
1) Program Income= INTEREST			\$0	\$0		\$0
2) Rural Development Loan	\$3,451,000		\$3,451,000	\$3,451,000		\$3,451,000
3) Rural Development Grant	\$2,549,045		\$2,549,045	\$2,312,260	\$8,325	\$2,320,585
4) Other: DISTRICT CONTRIBUTION			\$0	\$0		\$0
5) Other:Interim Financing Loan	\$3,451,000		\$3,451,000	\$3,451,000		\$3,451,000
p. Total Project Funding (=line l)	\$6,000,045		\$6,000,045	\$5,763,260	\$8,325	\$5,771,585
q. Percentage of Completion				96.05%		96.19%

5. CERTIFICATION
 I certify that; to the best of my knowledge and belief, the billed costs or disbursements shown are in accordance with the terms of the project and that an inspection has been performed and all work is in accordance with the terms of the construction contract.

BORROWER: Signature of Authorized Certifying Official: _____ Date Submitted: _____
 Typed or Printed Name and Title: Adam Denlinger, General Manager Telephone: 541-563-3529

6. RURAL DEVELOPMENT ACCEPTANCE
 This form and attachments have been reviewed and are accepted by Rural Development, unless otherwise noted. This review and acceptance by Rural Development does not attest to the correctness of the amounts, the quantities shown, or that the work has been performed under the terms of the agreements or contracts.

RURAL DEVELOPMENT Signature of Authorized Certifying Official: _____ Date Submitted: _____
 Typed or Printed Name and Title: Holly Halligan, USDA Area Specialist Telephone: _____



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

General Manager's Report:
 Board Meeting December 13, 2018

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 and engineer are working continually with engineers to complete 60% final design in preparation for the December 13th SRWD regular Board Meeting. Consultants continue to work with representatives from National Marine Fisheries Services (NMFS) a division of NOAA in an effort to receive a Biological Opinion (BiOp) in early January. The BiOp is now in review but has three legal reviewers to pass through, so we may not receive the BiOp before their statutory deadline of January 9th. While there is no official details from NMFS staff regarding any conditions that might be placed on the project, it sounds like there isn't anything major that would change the design significantly. Other permitting updates:

- The revised pipeline route was surveyed for cultural resources, none were identified. An addendum to the previously submitted report will be ready for review and submission to the State Historic Preservation Office (SHPO) soon.
- The Joint Corp of Engineers, Department of State Land (DSL) permit application is drafted, and staff is working with the County to get a Land Use Compatibility Statement (LUCS).
- Consultant/Hydrologist is pulling information together to complete the Backwash Outfall, National Pollutant Discharge Elimination System (NPDES) permit application.
- The County Floodplain Development Permit and Utility Permits will be completed after the Conditional Use Permit (CUP) is drafted and in review with the county.

District staff continues to work with representatives from multiple State and Federal agencies to provide additional information, in an effort to expedite the review process. Phase-4 improvements project continues to move forward with several critical path tasks currently in progress:

- Biological Assessment (BA) was reviewed and final submittal to NMFS occurred on July 26, 2018.
- District received a letter from NMFS notifying the District that the BA was insufficient in several areas.
- On August 28th the District consultants submitted clarification to NMFS regarding the BA through USDA-RD.
- Geotechnical investigation was completed in June 2018.
- Easement and access agreements for construction and maintenance have been revised by the engineer for the development of legal description. District's legal counsel is working with property owners to execute agreements.
- District staff will continue coordinating with USDA-RD funding representatives to provide information and updates related to the source water project.

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

Adam Denlinger, General Manager

adenlinger@srwd.org

www.srwd.org

- District crews continue working with consultants and have completed the first-year conditions of the Sampling and Analysis Plan (SAP) required as a condition of the District's water right permit for use of water on Beaver Creek. 9
- District staff sampled the Beaver Creek Point of Diversion (POD) for Cyanotoxins (Blue/Green Algae). Results of the samples indicate that Cyanotoxins are not present at the POD.
- Engineer continues to provide water quality and treatability testing in preparation for developing specification for membrane procurement. Most recent Treatability samples were taken on October 2, 2018.
- Final Design was approved by the Board in June and District staff attended a kick off meeting with the Jacobs design team on July 24, 2018. Staff attended a 30% completion briefing on October 2, 2018.
- Membrane Procurement RFP was advertised in the DJC on June 29, 2018, Proposal opening was scheduled for August 2, 2018.
- On August 29th and 30th District staff and engineer interviewed two membrane suppliers.
- A notice of intent to award the purchase of membrane filtration equipment was released on September 21, 2018.
- Staff is working with the engineering team in preparation for the review and completion of 60% final design.
- **OTHER NOTABLE ACTIVITIES FOR THE MONTHS OF NOVEMBER/DECEMBER INCLUDE:**

-
- Facilitated District personnel staff/safety meeting.
 - Attended Mid-Coast Integrated Water Resources Coordinating Committee meetings.
 - Hosted regional municipal and water district working group meeting.
 - Presented the District's AMI project in Newport at the AMI Users conference Nov. 14th and 15th.
 - Provided support for the Districts Municipal Auditor Nov-27th.
 - Attended a planning meeting with engineers representing OSU's Wave Energy Project.
 - Attended SDAO Legislative Committee meeting.
 - Attended the Oregon Health Authority Public Health Division - Drinking Water Services Stakeholder Meeting Nov-30th.
 - District staff provided support for SDIS Insurance evaluation and property site visit.
 - District staff participated in interviews with Capital Video in preparation for the SDAO Award Video to be shown at the SDAO Conference.
 - Attended Toledo City Council meetings in November and December.
 - Provided testimony to the House Energy and Environment Committee regarding the Mid-Coast Water Planning Partnership, in Salem December 12th.
 - Analyzed data provided by the City of Toledo related to the annual wholesale water rate adjustment.



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: December 13, 2018							
Ordinance		Resolution		Motion		Information	X
Date Prepared: December 5, 2018				Dept.: Finance			
SUBJECT: Wholesale Water Rate Adjustment				Contact Person for this Item: Adam Denlinger, General Manager adenlinger@srwd.org. 541-563-4447			

RECOMMENDED BOARD ACTION:

No action required – information item only.

FINANCIAL IMPACTS:

Because the District anticipates adjustment in the wholesale purchase of water during the annual budget process (6-months in advance of potential wholesale rate adjustment) the proposed amount is within budget expectations.

DISTRICT GOAL:

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

BACKGROUND:

Subject to conditions of the 2012 Water Purchase Agreement, annually the District receives an adjustment for wholesale water from the District's wholesale water provider, the City of Toledo. District staff anticipates this increase and through budget process makes adjustments 6-months in advance to allow for this increase.

While historically this increase has been higher, the 2019 rate adjustment adopted through resolution by the City Council on December 5, 2018 reduces the District's wholesale rate from \$3.40 per/thousand gallons to \$3.24. This is an adjustment of .16-cents, which reflects a projected savings of approximately \$17,000. After carefully evaluating the cost breakdown provided in the materials from the City of Toledo, 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. It would be reasonable to believe that the wholesale rate would be less due to the degree of separation in the overall percentage of water demand which is used in the methodology for calculating the rate annually. Because the District Board of Commissioners has elected to pay for major and minor shared capital improvements the wholesale rate passed along to District Customers remains lower.

A. Denlinger

Submitted By: _____

Adam Denlinger, General Manager

CITY OF TOLEDO
REQUEST FOR COUNCIL ACTION

DATE ACTION REQUESTED: December 5, 2018			
Ordinance <input type="checkbox"/>	Resolution <input checked="" type="checkbox"/>	Motion <input type="checkbox"/>	Information <input type="checkbox"/>
Date Prepared: November 30, 2018		Dept.: Administration	
SUBJECT: Resolution setting wholesale water rate for Seal Rock Water District		Contact Person for this Item: Michael J Adams, Public Works Director	

RECOMMENDATION: Pass and approve Resolution No. 1411 establishing the wholesale water rate to be paid by the Seal Rock Water District for the purchase of treated water beginning January 2019 per established purchase agreement, and repealing Resolution No. 1399.

FISCAL IMPACT: The proposed wholesale rate of \$3.24 per 1,000 gallons of water purchased; this represent a decrease from the current rate of \$3.40 established last February 2018.

COUNCIL GOAL: Goal: Fiscally responsible and maximize available revenue.

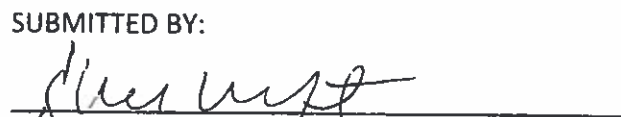
BACKGROUND: In 2012 the City of Toledo entered into an agreement with the Seal Rock Water District to provide treatment and delivery of municipal water from the city to Seal Rock at a wholesale rate. The agreement requires the rate to be adjusted annually on January 1 based upon a formula using the City's actual expenses for treatment and delivery. Based upon this formula it has been determined the wholesale rate for 2019 calculates to be \$3.24 per 1,000 gallons of water delivered; a decrease from the current wholesale rate of \$3.40 per 1,000 gallons.

This matter was presented to City Council at the November 13, 2018 work session and upon Council consensus it has been placed on the agenda for the December 5, 2018 Council Meeting for formal action. Per established purchase agreement, this rate will become effective January 1, 2019.

Attached: Resolution No. 1411
Letter of Notification to SRWD

PREPARED BY:

Michael J Adams, Public Works Director

SUBMITTED BY:

Craig Martin, City Manager

RESOLUTION NO. 1411

A RESOLUTION FIXING THE RATES AND CHARGES TO BE PAID BY THE SEAL ROCK WATER DISTRICT FOR THE PURCHASE OF TREATED WATER

WHEREAS, the City of Toledo (City) and the Seal Rock Water District (District) entered into an agreement dated December 19, 2012 for the treatment and delivery of treated water from the City at a wholesale rate; and

WHEREAS, the agreement provides a formula for determining the wholesale rate to be paid by the District based upon the City's costs of producing and delivering said water; and

WHEREAS, the agreement requires the wholesale rate to be adjusted annually, and the new rate to be approved by the City Council through resolution.

NOW, THEREFORE, the members of the City Council, in regular session assembled, do hereby find, declare, and resolve:

1. Effective January 1, 2019, the wholesale water rate to be paid for treated water delivered to the Seal Rock Water District will be \$3.24 for each 1,000 gallons of water consumed.
2. Adoption of this Resolution shall supersede and replace Resolution No. 1399 for 2018 in its entirety.

PASSED by the City Council on this
5th day of December 2018.

APPROVED by the Council on this
5th day of December 2018.

ATTEST:

APPROVED:

City Recorder

Council President



October 12, 2018

VIA EMAIL ONLY: adenlinger@srwd.org

Adam Denlinger, General Manager
Seal Rock Water District
PO Box 190
1037 NW Grebe Street
Seal Rock 97376

Dear Adam:

I am writing to inform you that I intend to provide a formal Request for Council Action to the Toledo City Council recommending they consider adopting a resolution setting the Seal Rock Water District water rate at \$3.24 per 1,000 gallons effective January 2019.

In an effort to provide you adequate time to review, my formal request to City Council will be placed on the agenda for the first regularly scheduled City Council meeting of December 5, 2018.

I have enclosed a copy of our rate calculation and expenditure detail for fiscal year 2017-18 that has been used historically to identify the proposed water rate. If you have any questions about the rate calculation, please feel free to contact me at 541-336-2247 ext. 2070 or by email at pwdirector@cityoftoledo.org.

As always, Seal Rock Water District is more than welcome to provide comment on the proposed rate either in writing or in person to the City Council.

Sincerely,

Michael J. Adams
Public Works Director

Enc.

CC: Craig Martin, City Manager

From: [Public Works Director](#)
To: [Adam Denlinger](#); [Joy King](#); [Jeff Hollen](#); [Berg, Paul/CVO](#)
Cc: [City Manager](#); david@osterlundlaw.com; [Sue Fortv](#); [Paul B Osterlund](#)
Subject: RE: Annual Rate review Notice for 2019
Date: Wednesday, November 28, 2018 4:52:17 PM
Attachments: [image001.png](#)
[image003.png](#)

November 28, 2018

Adam –

Thank you for being patient as I reviewed/researched your questions further. Although our materials & services category did in fact increase overall from the previous year calculations, it does appear to be mostly for items specific to the operation of the water system and our ability to produce water for the entire system, specifically as it relates to the “Facility Needs” line item that is necessary for the production of quality municipal water for all users. We had to purchase some new lab equipment and make repairs to the floor of the WTP facility itself.

Unfortunately, we did not have the opportunity to fully understand this rate calculation process prior to the Finance Director’s retirement last December 2017 (as she had handled this process in the past as I am sure you are aware). Therefore, we gathered this calculation process by searching records and as such, we had to make some assumptions when pulling this information together in certain areas (e.g. billing & meter reading costs not attributable to Seal Rock) and in so doing we worked to ensure it was most favorable to Seal Rock (we kept them the same the last two calculations). Given the recommended rate is lower than the year prior, it was calculated utilizing historical spreadsheet methodology that had been consistently used in the past, and without completely understanding all the nuances within the calculations, I moved forward with the recommendation accordingly.

I trust you find this information helpful and as I have previously indicated, the new rate recommendation will be on the City Council agenda of December 5, 2018. Please feel free to contact me if you have additional questions and/or perhaps you have some specific insight as to how this process worked in the recent past so I can ensure consistency, thanks.

Michael J. Adams
Public Works Director



(541) 336-2247 x2070

pwdirector@cityoftoledo.org

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whom it is addressed, and may contain information that is privileged, confidential, and exempt from disclosure under applicable state and federal laws.

From: Adam Denlinger [mailto:ADenlinger@srwd.org]
Sent: Friday, November 23, 2018 10:01 AM
To: Public Works Director
Cc: City Manager; Joy King; Jeff Hollen; Berg, Paul/CVO; Lisa Figueroa; Sue Forty
Subject: RE: Annual Rate review Notice for 2019

Greetings Michael,

Hope you enjoyed a pleasant Thanksgiving Holiday.

Following up to the wholesale rate materials you provided the District we have just a few questions:

After reviewing the decreases and increases in the various subtotals there's a 30% increase in Materials & Services from last year's Figures. Rather than review a long list of invoices for each fund category can you please provide clarification for this increase? We also notice personnel cost decreased by 10%. Please understand that the District is not challenging or opposing the information provided, receiving a decrease in the rate is always appreciated by the District, just looking for some clarification.

I do want to provide some clarification to a comment made by the City Manager at the November 13th Council Work Session. When questioned by the Council as to why the rate was lower this year, the CM explained that the rate was lower due to the District not participating in capital improvements, related to the October 30, 2017 termination notice. While the statement related to the termination notice is accurate, what you will find is that the District has historically chosen to fund capital (major/minor) improvements in one lump sum payments, and not incur the increase in the wholesale rate.

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.

Happy to discuss further if you would like to.

Regards,

Adam

Adam Denlinger, General Manager, Seal Rock Water District
PO Box 190 | 1037 NW Grebe Street | Seal Rock OR. 97376
O: 541.563.3529 | F: 541.563.4246 | M: 541.270.0183
adenlinger@srwd.org | www.srwd.org | www.midcoastwaterpartners.com

Seal Rock Water District strives to be a high performance organization that provides exceptional customer service, promoting healthy lifestyles, enriching Seal Rocks unique character at responsible rates.

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From: Adam Denlinger
Sent: Wednesday, October 17, 2018 9:21 AM
To: 'Public Works Director' <pwdirector@cityoftoledo.org>
Cc: City Manager <manager@cityoftoledo.org>; Joy King <JKing@srwd.org>; Jeff Hollen <jeffh@ouderkirkhollen.com>; Paul B Osterlund <Paul@osterlundlaw.com>; Lisa Figueroa <administration@cityoftoledo.org>; Sue Forty <sforty@ocwcog.org>
Subject: RE: Annual Rate review Notice for 2019

Thanks for providing the documents Michael,

We are reviewing the materials and will respond with any questions.

Thanks again

Adam

Adam Denlinger, General Manager, Seal Rock Water District

PO Box 190 | 1037 NW Grebe Street | Seal Rock OR. 97376

O: 541.563.3529 | F: 541.563.4246 | M: 541.270.0183

adenlinger@srwd.org | www.srwd.org | www.midcoastwaterpartners.com

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From: Public Works Director <pwdirector@cityoftoledo.org>
Sent: Friday, October 12, 2018 11:43 AM
To: Adam Denlinger <ADenlinger@srwd.org>
Cc: City Manager <manager@cityoftoledo.org>; Joy King <JKing@srwd.org>; Jeff Hollen <jeffh@ouderkirkhollen.com>; Paul B Osterlund <Paul@osterlundlaw.com>
Subject: Annual Rate review Notice for 2019

October 12, 2018

Adam –

Per the provisions of the water purchase agreement, please find attached our formal notification of the proposed water rate change to become effective January 2019 as well as supporting documentation; please feel free to contact me with any questions you may have regarding this information.

Respectfully,

Michael J. Adams

Public Works Director



City of Toledo, Oregon 97391

(541) 336-2247 x2070

pwdirector@cityoftoledo.org

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Total Control Panel

[Login](#)

To: adenlinger@srwd.org

[Remove](#) this sender from my allow list

**SEAL ROCK WATER DISTRICT
PERSONNEL ACTION FORM**

For Payroll Use

Process Date	12/17/2018
Pay Date	12/21/2018
Pay Period	12/2-12/15/18
Retroactive Period	NA
Bonus Pay Date	NA

19

<u>Denlinger</u>	<u>Glenn</u>	<u>A</u>	Date Gave to Office Manager	<u>11/20/2018</u>
EMPLOYEE LAST NAME	FIRST	M.I.	Board Meeting Date	<u>10/11 & 11/15/18</u>
<u>12/1/2018</u>	<u>12/1</u>		Employee #	<u>36</u>
EFFECTIVE DATE	ANNIVERSARY DATE	DATE OF HIRE (if necessary)	Office	<input checked="" type="checkbox"/>
			Field	<input type="checkbox"/>

NEW HIRE STEP INCREASE PROMOTION RETROPAY 6 MONTH PROBATION STEP INCREASE

BONUS Bonus: Enter in Caselle Payroll / Pay Code 8-08 or 8-09 (01-5599) (per IRS Bonus' / Appreciation Pay is subject to tax withholding)

STATUS	TITLE	SALARY	BONUS PERCENT	BONUS	RATE	STEP
CURRENT	General Manager	\$109,345.60	0.00%	\$0.00	\$52.57	6
APPROVED	General Manager	\$112,091.20	0.00%	\$0.00	\$53.89	7

REMARKS:

FOR LEAVE WITHOUT PAY, GIVE REASON: Illness Non-Illness

REMARKS:

OFFICE MANAGER CERTIFICATION:
I certify that the facts stated are correct, that FUNDS ARE AVAILABLE FOR THE ACTION PROPOSED, AND THAT NO DEFICIT IN BUDGET WILL RESULT FROM THE PROPOSED ACTION.

Signature of Office Manager _____ Date _____

EMPLOYEE SIGNATURE (Necessary in case of New Hire, Resignation, Demotion or Transfer):

Signature of Employee _____ Date _____

BOARD OF COMMISSIONERS

Approved	Disapproved	
<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	Signature of Chairperson _____ Date _____
<input type="checkbox"/>	<input type="checkbox"/>	Signature of Treasurer _____ Date _____
<input type="checkbox"/>	<input type="checkbox"/>	Signature of Secretary _____ Date _____
<input type="checkbox"/>	<input type="checkbox"/>	Signature of Commissioner _____ Date _____
<input type="checkbox"/>	<input type="checkbox"/>	Signature of Commissioner _____ Date _____