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## Seal Rock Water District

General Manager's Report:

Board Meeting November 14, 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:

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

- Staff continues working with representatives from USDA-RD, the District's finance consultant, and Bond Counsel in preparation for Phase-4 interim financing.
- Final design has been approved by the State of Oregon, Health Authority (OHA) Department.
- Lincoln County Conditional Use Permit process has been completed, staff and consultants are working with LC Public Works to complete the work in the right-of-way permit.
- US-Corp of Engineers permit for work in the waterway was received on September 30, 2019.
- District counsel and staff are working with property owner to address concerns related to easement access at the intake site.
- Final design has been adjusted to reflect comments provided by the property owner for ongoing access.
- Final easement agreement for the intake site has been approved.
- Bond Documents have been completed and are in review by USDA-RD General Counsel.

### SUMMARY OF CONSERVATION CONSORTIUM RESEARCH AND ANALYSIS PROVIDED BY GSI WATER SOLUTIONS:

In accordance with the Mid-Coast Water Conservation Consortium-Initial Development scope of work (executed April 23, 2019), GSI Water Solutions, Inc. (GSI) conducted research and analysis into elements needed to operate a water conservation consortium. The findings of this research, results of analyses, and feedback received are summarized in this memo and attachments.

#### To review, GSI proposed to investigate:

- 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. workplan),

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- Administrative operations and needs,
- Membership requirements and member participation,
- Estimated costs,
- Funding mechanisms, and
- Governance structures - Intergovernmental agreements, etc.

GSI discussed information from its investigations with Seal Rock Water District and the cities of Lincoln City, Waldport, Newport, and Yachats (referred to as the “Group” in this memo) at Municipal/Water District meetings and by email.

### **Current water conservation activities and WMCP benchmark activities:**

To identify current water conservation activities of water providers, GSI reviewed the water conservation activities and 5-year benchmarks described in Water Management and Conservation Plans and reviewed the water conservation activities listed in the Mid-Coast Water Resources Characteristics --Built Systems technical memo developed for the Mid-Coast Water Planning Partnership. WMCPs require public education, and the size of a water provider and/or need to expand or initiate diversion of water under an extended water rights permit can trigger additional required activities, including technical and financial assistance, rate structure and billing practices that encourage conservation, and supplier-financed retrofit or replacement of inefficient fixtures.

Findings of this research, which are summarized in Attachment A, showed that the most common ways that water providers communicate water conservation information are through billing messages within water bills, website content, and newsletter articles. Some smaller water providers also use Consumer Confidence Reports to promote water conservation. Many of the larger water providers provide free water-efficient fixtures to customers, as well. WMCP benchmarks mostly aligned with current water conservation activities.

### **Potential water conservation and drought response services and estimated costs:**

In July 2019, GSI identified potential conservation activities and rough cost estimates for the Consortium’s initial years, by identifying the current activities that most water providers implement, activities required in the WMCPs of water provider, methods of communicating that smaller water providers typically use (newsletters, billing messages within bills, and Consumer Confidence Reports), and other conservation activities that could be implemented based on research of what activities other water providers outside the region implement and the water use characteristics on the Mid-Coast.

To estimate the costs associated with developing a logo/brand and a website, GSI contacted three companies that provide those types of services and received rough estimates from one company. Goldstreet Designs from Bend, OR estimated that developing a website with modern pages, a mobile-friendly platform, user-friendly administration rights, and capability to show videos would likely range from \$7,000-\$10,000. Goldstreet Designs estimated that developing a logo and brand with branding guidelines would likely range from \$6,000-\$7,000.

The Group verbally indicated in meetings that the activities listed under Year 1 for the \$40,000 budget seemed reasonable.

### **Administrative operations and needs:**

GSI reviewed the administrative operations and needs of the Regional Water Providers Consortium (RWPC) and Clackamas River Water Providers (CRWP) to determine what the Consortium may need. Potential administrative operations include:

- Annual Work Plan and budget development
- Contracting
- Fiscal management and reporting
- Business logistics, such as for Board and committee meetings
- Materials and services (e.g., meeting room rentals, postage, phone services, etc.)
- Website management (e.g., website hosting, website programmer, website administration (i.e., managing and updating website))

The Fiscal Agent for the Consortium will likely already be covering some of these operational needs as part of its own operations, Consortium operations and dues will address some operational needs, and contractors hired for the Consortium can address other operational needs.

For funding mechanisms, GSI researched the methods that the RWPC and CRWP use to fund their organizations. The RWPC uses dues to cover expenses, and these dues are currently based on member's share of the total number of retail customers and share of the total average daily retail water use in mgd in the prior year. The CRWP uses grants and dues to cover the expenses, and these dues are currently based on proportional water use from the Clackamas River adjusted to reflect limited participation of some participating water providers.

GSI initially analyzed the percentage and dollar share of a \$20,000 and a \$40,000 budget based on three categories (connections, population served, and demand) to provide perspective on potential dues under those scenarios. The Group stated to use a \$40,000 budget and requested a tiered dues structure informed by those three factors. GSI proposed four tiers, with Tier 1 being the largest water providers, Tier 2 being mid-sized water providers, Tier 3 being small cities and water utilities, and Tier 4 being the smallest water providers.

The Group indicated that it felt comfortable with this tiered structure and the potential dues under different Consortium participation levels (i.e. only five providers participating, mid-range participation, and all Mid-Coast water providers participating). Another opportunity for funding would be grants that support specific initiatives. Language can be included in the Consortium's intergovernmental agreement and by-laws specify that those funding sources are also acceptable.

## INVESTING IN OUR WATER FUTURE:

Many areas of Oregon are known for clean and reliable water. This is due to both favorable climate and the infrastructure we built in the 19th and 20th centuries to effectively move water from its source to where it is used. As has been identified in Oregon's Integrated Water Resources Strategy, 3 forces combine to place significant stress on Oregon's water:

1. Climate change and associated increases in fire, drought, and flooding;
2. A half century of underinvestment in built and natural water infrastructure; and
3. Our changing population and associated development – growing in some areas, shrinking in others.



These factors impact the quality and quantity of water for our communities, including water in our rivers, lakes, reservoirs, and aquifers. Simply put, if we are not willing to roll up our sleeves and work together to invest in our natural and built water systems, we place the safety of our communities, the health of our people and environment, and Oregon's economic future at risk. Share your thoughts and learn more by viewing the videos @ <https://www.oregon.gov/oweb/resources/OregonWaterVision/Pages/default.aspx>

### OTHER NOTABLE ACTIVITIES FOR THE MONTH INCLUDE:

- Presented project information at the first annual Oregon Infrastructure Summit in Salem October 20<sup>th</sup> and 21<sup>st</sup>.
- District staff and engineers attended a project update with Lincoln County Public Works engineers to discuss impacts to the South Beaver Creek Bridge and Beaver Creek Right-of-way October 23<sup>rd</sup>.
- Attended Newport Big Creek Dam Emergency Table Top Exercise October 24, 2019.
- Reviewed Easement and access agreements related to Phase-4 improvements.
- Received easement from Oregon Department of State Lands for the intake and discharge sites on Beaver Creek, September 2019.
- Field crews complete water mainline replacement on Cunard Street in the Bayshore Community.
- Attended Governor's 100-year Community Conversation October 30<sup>th</sup>.
- Attended on-site Beaver Creek water quality field data collection meeting with consultants October 28<sup>th</sup>.
- Hosted the Mid-Coast Water Conservation Consortium meeting October 22<sup>nd</sup>.
- Attended SDAO Board Joint SDIS Trust Board Joint meeting in Salem November 6<sup>th</sup> and 7<sup>th</sup>.
- Field operations staff attended OSHA - Driver Safety Course for Large Trucks October 31, 2019.