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SEAL ROCK WATER DISTRICT
Regular Board Meeting
Thursday, October 10, 2019 @ 4:00 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 | September/October 2019 |
| • Board Meeting Minutes | August 8, 2019 |
| • Board Meeting Minutes | September 12, 2019 |
| • Financial Report / Approve Invoices | September/October 2019 |
| • USDA Project Monitoring Report #48 | October 2019 |
| • General Manager's Monthly Report | September/October 2019 |

4. Discussion and Information Items:

- Consider Primary Source Water Project Update
Presented by: Adam Denlinger, General Manager

5. Decision Items:

- Consider date for strategic planning work session.
Presented by: Adam Denlinger, General Manager
- Consider Approving Municipal Auditor Engagement Letter.
Presented by: Joy King, Office Manager
- Consider a motion to increase replacement amount to replace one 1996 JCB Backhoe.
Presented by: Adam Denlinger, General Manager

6. Reports, Comments and Correspondence:

- General Manager Annual Performance Evaluation – Due December 2019
- General Manager will be serving jury service the month of November 2019

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

The SRWD Board will now meet in Executive Session, pursuant to ORS 192.660(2)(h); To consult with legal counsel concerning the legal rights and duties of a public body with regards to current litigation or litigation likely to be filed; and (e) To conduct deliberations with persons designated by the governing body with regards to real property transactions.

8. Adjournment: Next Meeting: November 14, 2019 @ 4:00 p.m. Regular Board Meeting or establish date.

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
04-6740				
CASHMERE VALLEY BANK	091119	2M LOC Loan Interest (2016 Revenue Bond)	09/11/2019	21,822.75
Total 04-6740:				21,822.75
Grand Totals:				21,822.75

Dated: SEPT -16, 2019

General Manager: A. W. [Signature]

Dated: _____

Treasurer: _____

[Handwritten Signature]

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
01-1310				
JONATHAN &/OR CATHERINE H	092619	Refund Overpayment	09/26/2019	8.00
Total 01-1310:				8.00
01-5063				
BRENDI HARGROVE	093019	Quarterly Mileage Reimbursement (July-Sept 2019)	09/30/2019	101.56
JOCELYN KING	093019	Quarterly Mileage (July-Sept 2019)	09/30/2019	173.54
PATRICIA M KARLSEN	093019	Quarterly Mileage (July - Sept 2019)	09/30/2019	129.32
Total 01-5063:				404.42
01-5271				
CHARTER COMMUNICATIONS	007859709191	Internet (Office)	09/19/2019	109.98
Total 01-5271:				109.98
01-5280				
THE SILVER SPRING UPHOLST	13250	MCWPP Meeting Signs	09/16/2019	125.00
Total 01-5280:				125.00
01-5290				
PETTY CASH	093019	True Cut Engraving: Name plate & holder for Alexandria Scott WCWPP Coordinato	09/30/2019	15.00
STAPLES BUSINESS ADVANTA	8055669843	Smead Pressboard Classification Folders, 2/5 Cut Tab, Legal Size, 2 Dividers, Dar	09/07/2019	79.59
STAPLES BUSINESS ADVANTA	8055669843	Credit for return on sharpies	09/07/2019	6.79
STAPLES BUSINESS ADVANTA	8055749924	Sharpie Permanent Markers, Ultra Fine Point, Black, Dozen	09/14/2019	6.81
STAPLES BUSINESS ADVANTA	8055749924	TRU RED 8.5" x 11" Copy Paper, 20lbs, 92 Brightness, 5000/Carton	09/14/2019	41.53
Total 01-5290:				136.14
01-5291				
PETTY CASH	093019	Postage	09/30/2019	36.95
US POSTAL SERVICE - SEAL R	092319	6 rolls stamps (forever .55 cents)	09/23/2019	330.00
US POSTAL SERVICE - WALDP	092019	Bulk Mailing	09/20/2019	892.23
Total 01-5291:				1,259.18
01-5310				
TCB SECURITY SERVICES INC.	228142	Answering/Dispatch Services Monthly Fee	09/30/2019	40.00
TCB SECURITY SERVICES INC.	228142	Answering/Dispatch Services Level One Per Call Price	09/30/2019	2.20
Total 01-5310:				42.20
01-5360				
JESSE NOBLE	090919FINAL	Caterer for MCWPP Dinner Food/Drink Cost (to be reimbursed to SRWD from CT	09/09/2019	871.02
JESSE NOBLE	090919FINAL	Caterer for MCWPP Dinner Hourly Fee (to be reimbursed to SRWD from CTSI - Sil	09/09/2019	468.75
JESSE NOBLE	090919FINAL	Less Advanced payment paid to caterer for MCWPP Dinner on 9/11/19	09/09/2019	700.00
JESSE NOBLE	090919FINAL	Caterer for MCWPP Dinner Gratuity	09/09/2019	334.94
PACIFIC SOURDOUGH	090519	Pasteries for Muni-District Working Group Meeting	09/05/2019	34.00
PETTY CASH	093019	MCWPP Dinner items (dessert plates, tea, flowers)	09/30/2019	46.55
PETTY CASH	093019	MCWPP Beaver Creek Tour items (ice, flowers, lemonade, tea)	09/30/2019	23.96

Vendor Name	Invoice Number	Description	Invoice Date	Net Invoice Amount
Total 01-5360:				1,079.22
01-5601				
PETTY CASH	093019	Fred Meyer: Shirts for Brad	09/30/2019	79.98
TOLEDO FEED & SEED, INC.	6290	Pant B17 -DST 36 30 Pants for Brad	08/31/2019	110.97
Total 01-5601:				190.95
01-5610				
CENTRAL LINCOLN P.U.D.	092019	Utility Services x 15	09/20/2019	1,339.01
DAHL DISPOSAL SERVICE, INC	083119	Service (Office)	08/31/2019	62.15
DAHL DISPOSAL SERVICE, INC	083119	Service (Shop)	08/31/2019	62.15
Total 01-5610:				1,463.31
01-5621				
PETTY CASH	093019	Meal Reimb. to Chris Sutherland/Dave Anderson for Pick Up of Vac Truck from Por	09/30/2019	36.25
Total 01-5621:				36.25
Grand Totals:				4,854.65 ✓

Dated: SEPT -30-2019

General Manager: A. [Signature]

Dated: _____

Treasurer: _____

Report Criteria:

- Detail report
- Invoices with totals above \$0 included
- Paid and unpaid invoices included

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**SEAL ROCK WATER DISTRICT
MINUTES OF THE
Regular Board Meeting
August 8, 2019**

Call Regular Board Meeting:

Commissioner Karen Otta called the regular board meeting to order at 4:02 p.m., Thursday, August 8, 2019.

Present:

Commissioner John Garcia, President; Commissioner Glen Morris, Treasurer; Commissioner Sandra Mies-Grantham, Secretary; Commissioner Karen Otta, member. Staff: Adam Denlinger, General Manager; Trish Karlsen, Bookkeeper; Jeff Hollen, Legal Counsel. See sign in sheet for public attendance.

Excused Absences: Commissioner Rob Mills

Announcements:

Commissioner John Garcia and Commissioner Karen Otta will not be present at the September 2019 Board Meeting. Commissioner Glen Morris will not be present at the November 2019 Board Meeting. Adam Denlinger introduced to the Board Alexandria Scott, the new Mid-Coast Water Planning Partnership Water Planning Coordinator.

Public Comments: None

Agenda Calendar:

Items on the consent calendar are Invoice Lists for July/August 2019; July 11, 2019 and August 1, 2019 Regular Board Meeting Minutes; July/August 2019 Financial Report/Invoices to approve; USDA Project Monitoring Report No. 46; Phase-3 Final Pay Application for PRVs and General Manager's Report. Commissioner Sandra Mies-Grantham motioned to approve the Consent Calendar. Motion was seconded by Commissioner Glen Morris. Motion was carried 4 – 0 (note: Commissioner John Garcia was present at this time as the Agenda Calendar was considered after the Discussion and Information Items).

Discussion and Information Items:

Primary Source Water Project Update: We are continuing to work with our consultant, Department of State Lands and the Corps of Engineers to release our joint water permit. We responded to a number of comments from the community. The responses went out to the respondents and the Department of State Lands.

Decision Items:

Consider a motion authorizing the District to replace one 1996 JCB Backhoe: We have been having safety issues with the backhoe. It runs but the tires are locked in position. We can make it available for purchase. There is a used backhoe available in Salem. We are looking at purchasing preowned at or around \$45,000.00. Commissioner Glen Morris motioned to approve the purchase of a used replacement backhoe. Also motioned the approval to surplus one existing backhoe. Commissioner Sandra Mies-Grantham seconded the motions. Motions were carried 3 – 0 (note: Commissioner John Garcia was not present at the meeting at this time).

Consider a motion to approve task orders and Change Order No. 2 from Jacobs Engineering: Change Order No. 2 is for the addition of block and bleed valves to chemical cleaning lines for the membranes. Task Order No. 6 is for follow-up engineering support for the final design of Phase 4 Beaver Creek project. Task Order No. 7 is for permitting assistance through bidding and construction for Phase 4 Beaver Creek project. Commissioner Glen Morris motioned to approve Change Order No. 2. Commissioner Sandra Mies-Grantham seconded the motion. Motion was carried 3 – 0 (note: Commissioner John Garcia was not present at the meeting at this time).

Reports/Comments:

The District will host the Mid-Coast Water Planning Partnership Beaver Creek Field Tour on Friday, August 23, 2019 from 9 am to 3 pm. The tour is to see how the Beaver Creek watershed is managed by the Lincoln Soil and Water Conservation District, Mid-Coast Watershed Counsel and others.

63 The District will also host the Mid-Coast Water Planning Partnership Meeting in Siletz on Thursday, September 19,
64 2019. Mid-Coast Water Planning Partnership is one of three pilots going on in the state. The other pilots are sending
65 representatives to the mid-coast as part of a learning initiative. The conversation will be about water not only on the
66 coast but throughout the state.

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68 The GM, Adam Denlinger will be attending the Oregon Coastal Caucus in Florence on August 21 where he will highlight
69 the District's projects and the benefits to the region.

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71 The GM, Adam Denlinger reported to the Board that USDA issued a News Release nationally entitled "USDA Invests
72 \$11.8 Million in Drinking Water Infrastructure for Rural Town of Seal Rock".

73
74 The Board received an update from the District's Legal Counsel, Jeff Hollen, regarding progress on easement access
75 agreements related to the District's source water project. Atty. Hollen also reported that he has been in contact with
76 representatives from USDA-RD regarding federal compliance in the development of the easement agreement to ensure
77 that the District is meeting all federal requirements.

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79 **Adjournment:** President John Garcia adjourned the meeting at 4:34 p.m.

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81 **Next Board Meeting:** September 12, 2019, at 4:00 p.m. Regular Board Meeting.

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94 Approved by Secretary Date

**SEAL ROCK WATER DISTRICT
MINUTES OF THE
Regular Board Meeting
September 12, 2019**

Call Regular Meeting to Order:

Commissioner Rob Mills called the regular board meeting to order at 4:05 p.m., Thursday, September 12, 2019.

Present:

Commissioner Glen Morris, Treasurer; Commissioner Rob Mills, member; Commissioner Sandra Mies-Grantham, Secretary. Staff: Adam Denlinger, General Manager; Joy King, Office Manager, Jeff Hollen, Legal Counsel. See sign in sheet for public attendance.

Excused Absences:

Commissioner Karen Otta, and Commissioner John Garcia.

Announcements/Public Comments:

Commissioner Rob Mills commented that he attended the August 23, Beaver Creek Field Tour and it was successful and well attended.

Consent Calendar:

Items on the consent calendar are Invoice Lists for August/September 2019; August 8, 2019 Regular Board Meeting Minutes; August/Sept. 2019 Financial Report/Invoices to approve; USDA Project Monitoring Report No. 47; General Manager's Report. Commissioner Glen Morris motioned to approve the Consent Calendar except the August 8, 2019 Board Meeting minutes since Commissioner Rob Mills was not present at that meeting. Motion was seconded by Commissioner Sandra Mies-Grantham. Motion was carried 3 – 0. The August 8 Board Meeting Minutes will be presented for approval at the October 10 Regular Board Meeting.

Discussion and Information Items:

Source Water Project Update: On September 11, 2019, the District received the Department of State Lands (DSL) permit for work in the waterways. After the public comment period, DSL requests that there be 3 root wads placed instead of 1 on the intake location. Staff and consultant expect to receive the US Army Corps of Engineers Permit by Sept. 30, 2019.

The District's legal counsel and staff are working with property owners to obtain the necessary easements. There will be a meeting with the property owners on Sept 16, to discuss project impacts.

Atty. Jeff Hollen commented that the District is waiting to hear from the real estate appraisers regarding the property value of the easements.

Staff is continuing to work with USDA, Bond Counsel and Financial Advisor regarding interim financing. The bond documents are with USDA counsel for review.

There was a discussion on the timeline of the project. Because of the delays in obtaining the necessary permits and easements, the GM estimates that the project will be completed and in operation by the end of October 2020. The District's water demand is lower as a result of the completed projects of replacing brittle and leaky pipes in various locations. The District could continue buying water from the City of Toledo with rates to be determined by the City. The District also could buy water from the City of Newport. Staff will work with the City of Newport to put together a water purchase agreement.

Decision Items:

Lincoln County MJNHMP, NHMP:

The Federal Emergency Management Agency (FEMA) requires that counties, cities and special districts update their Multi-Jurisdictional Natural Hazard Mitigation Plans (MJNHMP, NHMP) every five (5) years to be eligible for Hazard Mitigation Assistance funds. Lincoln County last updated its FEMA compliant Natural Hazard Mitigation Plan on September 14, 2015, and thus must have a FEMA compliant NHMP approved by FEMA and adopted locally by September 13, 2020, to remain eligible for Hazard Mitigation Assistance funding. Having an updated NHMP will allow Lincoln County to continue its efforts to reduce risks to hazards through proactive mitigation planning, projects, and policy. The purpose of this project is to review and update Lincoln County's MNHMP such that it is adopted by Lincoln County (COUNTY) and the participating incorporated cities of Depoe Bay, Lincoln City, Newport, Siletz, Toledo, Waldport, and Yachats (CITIES) and unincorporated entities of Central Lincoln Public Utility District (PUD) and Seal Rock Water District (DISTRICTS) of the county and approved by the FEMA.

63 Cost-share for participating jurisdictions is considered in-kind contribution toward the update of the plan. It is in the best and
64 highest interest of the District to participate with other County jurisdictions in updating the plan. Projects that are not
65 included in the plan will not qualify for funding through FEMA's Natural Hazard Mitigation Grant Program.
66

67 Commissioner Glen Morris motioned to approve the Lincoln County Multi-Jurisdictional Natural Hazard Mitigation Plan (LC-
68 MJNHMP) Update and Intergovernmental Agreement (IGA) with Department of Land Conservation and Development (DLCD).
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70 **Reports, Comments, and Correspondence:**

71 The GM will be away from the office the week of Sept. 23. Stage- 2 Joint Water Curtailment Public Notice was issued due
72 to low flow of Siletz River.
73

74 The next meeting of the Mid-Coast Water Planning Partnership (MCWPP) will be held on Thursday, September 19th from
75 4-8 pm, the Board is invited to attend. Please contact the MCWPP to RSVP.
76

77 Commissioner Rob Mills recessed the regular board meeting to go into Executive Session at 4:40 p.m.
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79 **Executive Session:**

80 The SRWD Board will now meet in Executive Session, pursuant to ORS 192.660(2)(h); To consult with legal counsel
81 concerning the legal rights and duties of a public body with regards to current litigation or litigation likely to be filed; and (e)
82 To conduct deliberations with persons designated by the governing body with regards to real property transactions.
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84 **Adjourned Executive Session and Reconvened the Regular Session:**

85 Commissioner Rob Mills adjourned the Executive Session at 5:08 p.m. and reconvened the recessed Regular Session.
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87 **Other Items Discussed:**

88 There was a frontpage article in the newspaper regarding grants received by the District.
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90 **Adjournment:** Commissioner Rob Mills adjourned the meeting at 5:10 p.m.
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92 **Next Board Meeting:** October 10, 2019, at 4:00 p.m. Regular Board Meeting.
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101 Approved by Secretary _____ Date: _____
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Monthly Statistics		Comments			
Total customers	2587	Includes new connection Less Abandoned / Forfeited meter plus 3 SRWD meters (shop X 2 & office) plus 1 Hydrant meter			
New connections	3				
Reinstalls	0				
Abandonments / Forfeitures / Meter Removed	0				
Financial Report	Checking/MM	LGIP/PFMA	Fund Balances	Comments	
General	\$206,427.77	\$14,107.47	\$220,535.24		
Bond	\$391,391.26	\$0.00	\$391,391.26		
Capital Projects	\$230,184.07	\$433,811.23	\$663,995.30	\$2,691,821.79 G.O. Bond Proceeds;	
Revenue Bond	\$2,716.12	\$21,201.80	\$23,917.92		
Rural Development Reserve	\$0.00	\$54,304.96	\$54,304.96		
Dist. Office/Shop Reserve	\$2,526.80	\$139,095.23	\$141,622.03		
Depreciation Reserve	\$0.00	\$200,844.79	\$200,844.79		
SDC (formerly SIP)	\$0.00	\$416,982.66	\$416,982.66	\$959,145.00 SDC collections thru 9/30/19	
Water Source Improvement Rsv	\$0.00	\$881,246.98	\$881,246.98		
TOTALS	\$833,246.02	\$2,161,595.12	\$2,994,841.14		
General Fund Review	Current	FYTD	Budgeted Amount	Comments	
Revenue	\$177,384.57	550,419.36	\$2,479,200.00		
Expenses	\$137,354.75	355,199.12	\$2,479,200.00	Contingency \$100,000 Transfers \$448570; Total expenses budgeted \$1,930,630	
Net Gain or (Loss) from Operations	\$40,029.82	\$195,220.24			
Water Sales Revenue Comparison	Month	FYTD	Comments		
Projected Water Sales	\$171,932	\$510,907	Leak Adjustments & Billings Adjustments (YTD = July - June)		
Actual + In Lieu of Water Sales Less H2O CR	\$170,171	\$528,145	Less: Billing Adj YTD \$37.44; Leak Adj YTD \$33.05		
Over or (Under)	-\$1,760.92	\$17,237.87	TOTAL YTD ADJUSTMENTS \$70.49		
Gallonage Comparison	Current	Prior Year	Cost Comparison	Current	Prior Year
Gallons Purchased	10,051,000	8,988,000	Toledo Charges	\$32,565.25	\$30,559.20
Gallons Sold (includes accountable loss)	9,385,730	9,998,554	SRWD Sales	\$165,211.59	\$171,877.77
Variance %	6.62%	-11.24%	Ratio: Sales/Cost	5.07	5.62
Accountable Water Loss (gallons)	130,726		City of Newport Intertie Usage		0
Approval To Pay Bills	Payroll 9/13/19 \$21,984.71		Payroll 9/27/19 \$21,334.53		
Month of:	September	(after meetings)	October		
	GF A/P	\$4,854.65	GF A/P	\$41,742.40	up to 10/4/19
	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	\$91,214.00	
	Depreciation Rsv	\$0.00	Depreciation Rsv	\$0.00	
	AMI Project-Phase 3	\$0.00	AMI Project-Phase 3	\$0.00	
	Master Plan - Phase 3	\$0.00	Master Plan - Phase 3	\$0.00	
	MP - Phase 4 (IFA)	\$0.00	MP - Phase 4 (IFA)	\$0.00	
	Prelim. MP- Phase 4	\$0.00	Prelim. MP- Phase 4(USDA)	\$4,160.00	
	SDC Fund	\$0.00	SDC Fund	\$0.00	
	SRWD Funded	\$0.00	SRWD Funded	\$0.00	
Monthly Accrual Statistics	Beg. Balance	Accrued	Used/Paid	Balance	
	8/31/2019			9/30/2019	
Office Overtime Hours (2-01)	0.00	23.25	23.25	0.00	
Field Overtime Hours (2-02)	0.00	2.00	2.00	0.00	
PTO (3-01)	2166.53	121.86	63.00	2225.39	
Comp Time (9-01 / 9-02)	181.01	16.50	69.75	127.76	



PO Box 190 – 1037 NW Grebe Street – Seal Rock, Oregon 97376
Phone: 541.563.3529 – Fax 541.563.4246 – Web: www.srwd.org

Seal Rock Water District

General Manager's Report:
 Board Meeting October 10, 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.
- Bond Documents have been completed and are in review by USDA-RD General Counsel.

OREGON'S 100-YEAR WATER VISION:

Many parts of Oregon, including the Oregon Coast are recognized for clean and relatively abundant water. However, as you are aware, shifts in population, climate change, and lack of ongoing investment in water stress the quality and quantity of water, and increase the potential for water infrastructure failures and public health, fish and wildlife impacts. These realities place our quality of life, natural resources and economic future at risk.

To address this concern, the Governor's Natural Resource Office and leaders of Oregon's natural resource agencies have identified the need for a 100-Year Water Vision focusing on addressing current and future investment needs around both natural and built water infrastructure. Included below is a draft document that describes the vision and the problems the Governor's taskforce is proposing to address.

The District has been asked to help refine and improve this Vision. This process is in the very early stages of Phase I, which focuses on gathering input about the Vision itself and designing an effective process. As one of the methods to engage and receive feedback around the Vision, the district has been scheduled for an interview with Oregon Consensus, a neutral third party, to conduct an assessment of perspectives on the

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Adam Denlinger, General Manager

adenlinger@srwd.org

www.srwd.org

draft water vision, challenges relating to our water needs, and ideas for next steps. This initial outreach effort includes interviewing the District and others - a diverse set of parties that represent a broad range of interests and organizations. In the coming weeks Oregon Consensus staff will be in touch to schedule a one-hour interview with the GM and our organization. District staff are honored to engage in this important opportunity to help shape Oregon's 100-Year Water Vision.

One note of interest for the Board and SRWD Community, you are invited to follow this effort by signing up for the listserv at www.OregonWaterVision.org, you will receive a message about a series of upcoming community water conversations and a technical workshops. The interviews we are participating in will complement the feedback received from the community water conversations. Those conversations are an opportunity for individuals to come together at a regional scale to share their perspectives on the water vision and their community needs directly with the Governor's office.

Draft Document:



Oregon's 100-Year Water Vision

Preparing a Secure, Safe, and Resilient Water Future for All Oregonians

Vision

To address changes in climate and population dynamics, Oregon will steward its water resources to ensure clean and abundant water for our people, our economy and our environment, now and for future generations. Strategic investments will result in resilient natural and built water systems across the state to support safe and healthy communities, vibrant local economies and a healthy environment.

Premise

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, three 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.

Goals

- ◆ **Health** Secure, safe, accessible, and healthy water for current and future Oregonians.
- ◆ **Economy** Adequate and clean ground and surface water to support economic vitality for all Oregonians.

- ◆ **Environment** Adequate cool, clean water for native fish and wildlife to thrive, and healthy watersheds that can store and filter water naturally.
- ◆ **Safety** Resilient water supply and flood protection systems that can face natural hazards like earthquakes, floods and drought.

Problem Statement

Oregon's water infrastructure has served us well but is showing its age. We have underinvested in natural and built infrastructure to meet current challenges and have not adapted systems to meet the needs of a vibrant Oregon for the next 100 years.

- ✓ Without modern water supply systems and water conservation approaches that combine to provide reliable access to water, including in emergencies, Oregonians risk not having water available when it's needed for healthy people and communities, food production, tribal treaty rights, and a thriving economy.
- ✓ Without resilient built and natural infrastructure that provides cool and clean water across all Oregon watersheds, our people – and our fish and wildlife – are increasingly vulnerable to the health risks associated with lack of access to adequate, clean water.
- ✓ Without upgraded levees, dams, stormwater systems, tide gates and the natural protection of wetlands and estuaries, our communities will be less safe and at increased risk of damage and economic hardship from localized and catastrophic flooding.
- ✓ Without access to relevant water data for effective decision-making, cross-agency coordination, and intentional approaches to test new ideas, built and natural water systems will perennially fall short of providing for Oregon's in-stream and out-of-stream water needs, including tribal treaty obligations.
- ✓ Without strong capacity across all Oregon communities to plan for their water future, and effective ways to ensure strategic water investment decisions are coordinated across and between local, regional, state, tribal and federal agencies, communities will not be prepared to take advantage of large-scale water infrastructure funding opportunities or collaborative and innovative partnerships.
- ✓ Without coordinated built and natural water infrastructure investments, Oregonians - including Oregon's federally recognized tribes and those in disproportionately impacted and rural communities – may be unable to access adequate clean water and return it to our rivers for downstream users, fish, and wildlife.

Our Shared Water Future

Oregon's water future is already being shaped by climate and population changes. How we choose to steward our water resources now will determine if we pass a legacy of clean and abundant water to future generations of Oregonians so they can enjoy a vibrant economy and live in a quality environment. The investments we make now in natural and built water infrastructure will support a prosperous Oregon in the 21st century and beyond.

OTHER NOTABLE ACTIVITIES FOR THE MONTH INCLUDE:

- Attended Mid-Coast WPP regional meeting in Siletz September 19th.
- Developed progress report for LC-MJHMP Update completed September 30th.
- Attended OWRD Learning Session centered around water September 18th and 19th.
- 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.

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Adam Denlinger, General Manager

adenlinger@srwd.org

www.srwd.org

- Met with property owners and consultants involved in the District's source water project September 16th.
- Coordinated replacement of water mainline on Cunard Street in the Bayshore Community.
- Attended Governors 100-year water vision assessment interview October 7th.
- Attended on site Beaver Creek water quality field data collection meeting with consultants.
- Hosted the Mid-Coast Water Conservation Consortium meeting September 5th.
- Attended SDAO Board of Directors meeting in Salem September 12th.

GRIMSTAD & ASSOCIATES
Certified Public Accountants

September 19, 2019

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(541) 994-5252
Fax (541) 994-2105

To the Board of Commissioners
Seal Rock Water District
Seal Rock, Oregon

I am pleased to confirm my acceptance and understanding of the services I am to provide Seal Rock Water District (District) for the year ended June 30, 2019. I will audit the financial statements of the business-type activities, including the related notes to the financial statements, which collectively comprise the basic financial statements of the District as of and for the year ended June 30, 2019. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the District's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of my engagement, I will apply certain limited procedures to the District's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I will not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis
2. Schedule of the District's Proportionate Share of the Net Pension Liability - Oregon Public Employee Retirement System
3. Schedule of the District's Contributions - Oregon Public Employee Retirement System
4. Notes to the Schedules of the District's Proportionate Share of the Net Pension Liability (Asset) and Contractually Required Contributions
5. Schedule of Funding Progress - Other Postemployment Healthcare Benefits

I have also been engaged to report on supplementary information other than RSI that accompanies the District's financial statements. I will subject the following supplementary information to the auditing procedures applied in my audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and I will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditor's report on the financial statements:

1. Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - All Individual Funds
2. Reconciliation of Revenues and Expenditures (Budgetary Basis) to the Statement of Revenues, Expenses and Changes in Net Position
3. Schedule of Expenditures of Federal Awards

Audit Objectives

The objective of my audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplemental information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on:

Members:
AICPA OSCPA & OAIA

- Internal control over financial reporting and compliance with laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CRF) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

In addition, my audit will include procedures to the extent considered necessary to address the comments and disclosures required by the Minimum Standards for Audits of Oregon Municipal Corporations, Oregon Administrative Rules 162-10-000 through 162-10-320, regarding the District's compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320, noncompliance with which could have a direct and material effect on the determination of financial statement amounts; and on the District's internal control over financial reporting. I will issue a written report, the Independent Auditor's Report Required By Oregon State Regulations, upon completion of my audit of the District's financial statements. My report will be addressed to the Board of Commissioners of the District. Providing opinions on the District's compliance and its internal control over financial reporting are not objectives of these procedures to be performed for purposes of this report and, accordingly, no such opinions will be expressed in this report.

My audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of the accounting records, a determination of major programs in accordance with the Uniform Guidance, and other procedures I consider necessary to enable me to express such opinions. I will issue written reports upon completion of my Single Audit. My reports will be addressed to the board of commissioners of the District. I cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for me to modify my opinion or add an emphasis-of-matter or other-matter paragraphs. If my opinion is other than unmodified, I will discuss the reasons with you in advance. If, for any reason, I am unable to complete the audit or am unable to form or have not formed an opinion, I may decline to express an opinion or to issue reports or I may withdraw from this engagement.

Audit Procedures - General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, my audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. I will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the District or to acts by management or employees acting on behalf of the District. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because I will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by me, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material

effect on the financial statements or on major programs. However, I will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that comes to my attention. I will also inform the appropriate level of management of any violations of laws or governmental regulations that come to my attention, unless clearly inconsequential, and of any material abuse that comes to my attention. I will include such matters in the reports required for a Single Audit. My responsibility as auditor is limited to the period covered by my audit and does not extend to any later periods for which I am not engaged as auditor.

My procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. I will request written representation from your attorney as part of the engagement, and he/she may bill you for responding to this inquiry. At the conclusion of my audit, I will require certain written representations from you about your responsibility for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures - Internal Control

My audit will include obtaining an understanding of the District and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that I consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. My tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in my report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, I will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that I consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, my tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in my report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, I will express no such opinion. However, during the audit, I will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I will perform tests of the District's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and I will not express such an opinion in my report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance requires that I also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. My procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the District's major programs. The purpose of these procedures will be to express an opinion on the District's compliance with requirements applicable to each of its major programs in my report on compliance issued pursuant to the Uniform Guidance.

Other Services

I will also assist in preparing the financial statements, schedule of expenditures of federal awards, and related notes of the District in conformity with U.S. generally accepted accounting principles and the Uniform Guidance based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. I will perform the services

in accordance with applicable professional standards. The other services are limited to the financial statements, schedule of expenditures of federal awards, and related notes services previously defined. I, in my sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for (1) designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including internal controls over federal awards, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

Management is also responsible for making all financial records and related information available to me and for the accuracy and completeness of that information. You are also responsible for providing me with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) access to personnel, accounts, books, records, supporting documents, and other information as needed to perform an audit under the Uniform Guidance, (3) additional information that I may request for the purpose of the audit, and (4) unrestricted access to persons within the District from whom I determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to me in the management representation letter that the effects of any uncorrected misstatements aggregated by me during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing me about all known or suspected fraud affecting the District involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing me of your knowledge of any allegations of fraud or suspected fraud affecting the District received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the District complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that I report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with the Uniform Guidance. You agree to include my report on the schedule of expenditures of federal awards in any document that contains and indicates that I have reported on the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes my report thereon. Your responsibilities include acknowledging to me in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to me any significant assumptions or interpretations underlying

the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which I have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include my report on the supplementary information in any document that contains, and indicates that I have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes my report thereon. Your responsibilities include acknowledging to me in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to me any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to me corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on my current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to financial statements, schedule of expenditures of federal awards, and related notes, and any other nonaudit services I provide. You will be required to acknowledge in the management representation letter my assistance with preparation of the financial statements, schedule of expenditures of federal awards, and related notes and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Engagement Administration

I understand that your employees will prepare all cash, accounts receivable, and other confirmations I request and will locate any documents selected by me for testing.

At the conclusion of the engagement, I will complete the appropriate sections of the Data Collection Form that summarizes my audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. I will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period.

I will provide copies of my reports to the District; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of my reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Grimstad & Associates and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to an Oversight Agency or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. I will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Grimstad & Associates' personnel. Furthermore, upon request, I may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the Oversight Agency. If I am aware that a federal awarding agency, pass-through organization, or auditee is contesting an audit finding, I will contact the party contesting the audit finding for guidance prior to destroying the audit documentation.

I expect to begin my audit on approximately October 21, 2019 and to issue my reports no later than December 31, 2019. Signe Grimstad is the engagement partner and is responsible for supervising the engagement and signing the reports.

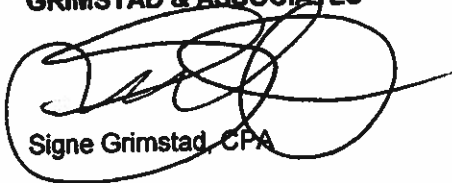
My fee for these services will be at my standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that I agree that my gross fee, including expenses, will not exceed \$10,000. My standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. My invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with my firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If I elect to terminate my services for nonpayment, my engagement will be deemed to have been completed upon written notification of termination, even if I have not completed my reports. You will be obligated to compensate me for all time expended and to reimburse me for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, I will discuss it with you and arrive at a new fee estimate before I incur the additional costs.

Government Auditing Standards require that I provide you with a copy of my most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. My 2018 peer review report accompanies this letter.

I appreciate the opportunity to be of service to District and believe this letter accurately summarizes the significant terms of my engagement. If you have any questions, please let me know. If you agree with the terms of my engagement as described in this letter, please sign the enclosed copy and return it to me.

Very truly yours,

GRIMSTAD & ASSOCIATES



Signe Grimstad, CPA

RESPONSE:

This letter correctly sets forth the understanding of Seal Rock Water District.

Adam Denlinger, General Manager

Governance Signature

Title