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SEAL ROCK WATER DISTRICT
MINUTES OF THE
Regular Board Meeting by Zoom Conference Call Only
May 14, 2020

Introduction to Remote Meeting:

Adam Denlinger, General Manager, explained that this board meeting is being conducted remotely in order to mitigate the transmission of the novel coronavirus and reduced risk of COVID-19 illness in accordance with Governor Brown's Executive Order 20-12 to suspend all public gatherings. Those present in the board room were sitting at least 6 feet apart and wearing face masks to promote the social distancing guidelines currently in place at the federal and state level. He further explained that the Board President will call each name to confirm those who are present. After each person hears their name, they need to reply. For each decision item in the agenda that needs to be approved, after discussion and deliberation, the Board President will call each name of the commissioner for their vote. After the commissioners hear their name, he or she will give the vote to the affirmative by saying YES or negative by saying NO.

Call Regular Meeting to Order:

President Rob Mills called the regular board meeting to order at 4:04 p.m., Thursday, May 14, 2020.

Present:

President Rob Mills confirmed that all commissioners present can hear each other by doing a roll call. Present by Zoom Conference Call were Commissioner Karen Otta, member; Commissioner Glen Morris, member; Commissioner Deanna Gravelle, Treasurer (attended by audio conference call); Staff: Adam Denlinger, General Manager; Joy King, Office Manager; Atty. Jeff Hollen, District legal counsel. John Garcia as a member of the public attended by Zoom Conference Call.

Excused Absences: Commissioner Sandra Mies-Grantham

Announcements/Public Comments:

President Rob Mills asked if there are any announcements. Commissioner Glen Morris replied NO; Commissioner Deanna Gravelle replied NO; Commissioner Karen Otta replied NO. Office Manager Joy King replied YES. She announced that a new bank signature card to open the Trustee Account required by USDA will be signed electronically through DocuSign. The bank will email the signature card to each of the authorized signers; General Manager Adam Denlinger replied YES. He announced that there will be an executive session toward the end of the regular session. It was discussed that there will be a break before going into the executive session and members of the public will be asked to go off the Zoom conference call.

Consent Calendar:

Items on the consent calendar are Invoice List for April/May 2020; April 9, minutes of the regular board meeting; April/May 2020 Financial Report; USDA PMR No. 50, and General Manager's Report. President Rob Mills asked if each commissioner has reviewed the items on the consent calendar. Commissioner Glen Morris answered YES, Commissioner Karen Otta answered YES, Commissioner Deanna Gravelle answered YES. Commissioner Karen Otta motioned to approve the consent calendar. Commissioner Glen Morris seconded the motion. There was a question on page 2 line 72 in the minutes regarding the accuracy of the construction budget shortfall of \$1,801,508. The GM confirmed the amount is accurate. President Rob Mills asked the commissioners for their votes: Commissioner Glen Morris voted YES; Commissioner Karen Otta voted YES; Commissioner Deanna Gravelle voted YES; President Rob Mills voted YES. Motion carried 4 – 0.

Discussion and Information Items:

Source Water Project Update:

The District hosted a pre-construction meeting with about 25 in attendance using the Zoom conference format. R&G Excavation, the contractor has provided the District with a schedule for beginning the work. They are staging right now at the old mill site located off Hwy 101 between the entrance to the Makai Subdivision and the turn off to South Beaver Creek Road. The contractor has two groups of crews, one group will work with the installation of the intake pipeline and the other group will work on building the water treatment plant. The District is responsible to provide specialized inspection service by an inspector from Salem with an estimated cost of \$50K. The specialized inspection includes structural steel testing, rebar strength testing, and comprehensive material strength testing.

The District has received approval of its USDA sub-grant application and received a Letter of Condition from USDA. The sub-grant amount is \$1.5 million with the District required contribution of \$302,000. The total amount covers the project budget shortfall. There was a question of why the budget shortfall is so high. The GM explained that the construction bid came in higher than the engineer's estimate, USDA requires to maintain a 5% of the project cost in contingency, and Lincoln County PWD asked for materials which cost more to be used in the trenches on the county road right-of-way where the pipeline will be buried. The District received a total of \$5,329,500 in grant funding which is about 31% of the project cost.

64 Commissioner Glen Morris recommended to use \$302,000 in SDC funds to pay for the required District's contribution to the
65 project cost. The project qualifies to be funded from SDC collections and that opportunity should be taken since the use of
66 SDC funds is very restrictive. Commissioner Karen Otta motioned to use \$302,000 from the SDC funds to pay for the
67 District's contribution required by USDA to fund the project.
68

69 **SRWD Board and City of Toledo City Council Meeting:**

70 President Rob Mills following direction from the SRWD Board sent a letter to the City of Toledo City Mayor and City
71 Manager requesting an opportunity to meet and discuss a future water purchase agreement. The City Manager replied by
72 offering to host a joint Toledo and SRWD meeting on July 1, 2020. It was discussed that it is better to meet in a smaller
73 group to come up with the framework for a basic agreement before meeting with the council. President Rob Mills will
74 contact the City Mayor and City Manager again with a proposal to meet before July 1, in a smaller group to develop a
75 framework for an agreement to take to the city council.
76

77 **Water Rate Adjustment for FY 2020-21:**

78 Staff is having difficulty to plan for a potential rate increase not knowing how much the City of Toledo will charge the District
79 beginning November 1, 2020. During the initial discussion with City of Toledo representative in Feb and Mar 2019, it was
80 discussed that the City could charge the District the outside rate plus the monthly base rate. The inside rate plus a monthly
81 base rate was also discussed. The District has invested \$2.3 million in the City of Toledo's capital improvements the past
82 few years. That could be taken into consideration to charge the District the inside rate.

83 It was discussed that with the current economic condition caused by the coronavirus pandemic, it is not the time to increase
84 the customers' water usage rate. Commissioner Glen Morris recommended transferring funds from the reserve to balance
85 the budget. It was the consensus of the Board not to increase the water rates and to transfer funds from Water Source
86 Reserve to General Fund to balance the budget.
87

88 **USDA Sub-grant Funding:**

89 The District received a USDA Letter of Condition approving the sub-grant of \$1,500,000 and a required fund contribution
90 from the District of \$302,000. USDA representatives have been working hard in support of the District's sub-grant funding
91 application.
92

93 **Decision Items:** None
94

95 **Reports, Comment, and Correspondence:**

96 **Budget Committee Meeting:**

97 The Budget Committee Meeting is scheduled for May 21, 2020 at 6:00 p.m. It is more likely to be a remote meeting using a
98 conference call and video conference using a Zoom format unless there is a change in the governor's order.
99

100 **Donor Contribution:** The District received a donation of \$3,000 from an individual whose family owns a property in Seal
101 Rock since 1905. The donation is to pay for the delinquent water bills of customers whose jobs have been affected by the
102 coronavirus pandemic. The District has waived the charges for the delinquent bill. The Donor wants to remain anonymous.
103

104 **Recessed the regular board meeting:** President Rob Mills recessed the regular board meeting at 5:50 p.m. and directed
105 those present to take a break before going into executive session. John Garcia, a member of the public in attendance
106 excused himself and exited the Zoom Video Conference.
107

108 **Executive Session: according to ORS 192.660(2), Concerning:**

109 The SRWD Board will now meet in Executive Session, pursuant to ORS 192.660(2)(h); To consult with legal counsel
110 concerning the legal rights and duties of a public body with regards to current litigation or litigation likely to be filed.
111 Representatives of the news media and designated staff shall be allowed to attend the executive session. All other
112 members of the audience are asked to leave the room. Representatives of the news media are specifically directed not to
113 report on any of the deliberations. No final decisions shall be made in Executive Session.
114

115 **Reconvened the regular board meeting:** President Rob Mills adjourned the executive session and reconvened the
116 regular board meeting at 6:44 p.m.
117

118 **Adjournment:** Commissioner Karen Otta motioned to adjourn the meeting. Commissioner Glen Morris seconded the
119 motion. President Rob Mills adjourned the meeting at 6:45 p.m.
120

121 **Next Board Meeting:** June 11, 2020, at 4:00 p.m. Regular Board Meeting.
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126 Approved by Secretary

Date: