

SEAL ROCK WATER DISTRICT
MINUTES OF THE
Regular Board Meeting by Zoom Conference Call
March 11, 2021

Introduction to Remote Meeting:

Denlinger, General Manager, explained that this board meeting is being conducted remotely and in person observing social distancing and the wearing of face masks in order to mitigate the transmission of the novel coronavirus and reduce the risk of COVID-19 illness in accordance with Governor Brown's Executive Order 20-12 to suspend all public gatherings. He further explained that the Board President will call each name to confirm those who are present by zoom conference. 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 4:00 p.m., Thursday, March 11, 2021.

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 Glen Morris, member; Commissioner Karen Otta, member; Commissioner Deanna Gravelle, Treasurer; Commissioner Sandra Mies-Grantham, Secretary; and President Rob Mills. Staff: Adam Denlinger, General Manager; Joy King, Office Manager; Atty. Jeff Hollen, District legal counsel.

Excused Absences: none

Announcements/Public Comments:

President Rob Mills asked if there are any announcements. Commissioner Glen Morris had no announcement; Commissioner Karen Otta had no announcement; Commissioner Sandra Mies-Grantham had no announcement; Commissioner Deanna Gravelle had no announcement; Office Manager Joy King had no announcement; General Manager Adam Denlinger had no announcement; President Rob Mills had no announcement.

Public Comments: A member of the public, Jim Huffman from Tillamook, commented that he joined his local water district as a commissioner.

Consent Calendar:

Items on the consent calendar are Invoice List for February/March 2021; February 11, 2021 minutes of the regular board meeting; February/March 2021 Financial Report/Invoices List; Business Oregon IFA Disbursement Request No. 29; USDA PMR Phase 3 No. 52; USDA Phase IV PMR No. 9; Contractor's Pay Request No. 9; 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 Sandra Mies-Grantham answered YES; President Rob Mills answered YES, and Commissioner Deanna Gravelle answered YES. Commissioner Karen Otta motioned to approve the consent calendar. Commissioner Sandra Mies-Grantham seconded the motion. Discussion: Commissioner Otta asked about the cost of 4.26M gallons used from the City of Newport through the intertie. The GM explained that as of now there is no cost associated since the District has not received an invoice from the City of Newport. In the past, both agencies recorded the usage through the interties and would just offset each other's usage. The previous City of Newport Public Works Director and the District's GM were working together in putting together an MOU. It was in the draft form when the Public Works Director left the City of Newport. The GM will work with the new Public Works Director to draft an agreement regarding water usage through the intertie. President Rob Mills asked the commissioners for their votes. Commissioner Karen Otta voted YES; Commissioner Glen Morris voted YES; Commissioner Deanna Gravelle voted YES; Commissioner Sandra Mies-Grantham voted YES, and President Rob Mills voted YES. Motion carried with 5 YES votes.

Discussion and Information Items:

Source Water Project Update:

At the intake site, the contractor has begun the process of installing power vaults and covers over the pipe gallery. The contractor is focusing their efforts on the water treatment site. They are working on the rebar and pouring cement for the backwash basin. Paso Robles Tank has completed constructing the clearwell and the coating contractor is now coating the interior of the tank. Installation of the power by CPI has been delayed because their crew needed to repair the damage caused by fire. Installation of power is scheduled by CPI to start on March 15 at the intake site and should be completed by April 9. Most of the power cable will be above ground and about 1,500 feet towards the treatment plant will be underground. The contractor is having difficulty obtaining stainless steel products that meet American Iron and Steel (AIS) standards as required by USDA. These materials might be ordered back east and could result in delays.

63 Staff and attorney Jeff Hollen are waiting for a reply to the letter sent to R&G Construction. Attorney Jeff Hollen explained
64 that the process of submitting a claim is outlined in the EJCDC contract. Any change order like change in contract time and
65 change in contract amount must be approved by the engineer and if the change order is not approved the contractor has 30
66 days to file a claim, if a claim has been filed then the next step is negotiation. There has not been a claim filed but the letter
67 from the contractor was asking for negotiation.

68 During the pre-bid conference, Paul Berg the managing engineer explained to all the contractors that it is the responsibility
69 of the contractors to read, understand and follow the contract. District staff cannot interfere with the contractor's means and
70 methods during construction.

71
72 **Rate Adjustments for FY 2021-22:**

73 Staff have prepared a draft budget and determined that there is a shortfall of more or less \$520,000 to balance the budget.
74 Factors that are affecting the budget for FY 2021-22 are: The District is paying a premium cost for source water beginning
75 in November 2019; the District needs to hire a water treatment plant operator thus increasing personnel costs; due to
76 calamities happening like wildfires and flooding, property insurance is increasing and also with health insurance; the District
77 recently closed a Revenue Bond with USDA that partly funded the water source project and annual payment will start in
78 November 2021, and there is an increase in the SLARA (Short-lived Assets Replacement Account) required by USDA.
79 Revenue impacts include: The District has not increased the rates for the last 2 years and due to the installation of the
80 smart meters a level of conservation is now being experienced. Leaks on the customers' and the district's sides are quickly
81 detected and fixed. This has affected the amount of the projected revenue.

82 Staff has prepared two rate adjustment scenarios to balance the budget. The first scenario is a combination of increasing
83 the rates and a transfer from the reserve. The second scenario is to do a big rate increase to cover the budget shortfall of
84 \$520,000. It was discussed that if the project is completed before the end of FY 2021-22, the premium cost of source water
85 will go away. By then, if it looks like enough revenue is coming in to meet the obligations of the District, staff will determine if
86 the full transfer from the reserve is not necessary. After discussion, it was the consensus of the Board to develop a
87 balanced budget using scenario 1 rate adjustments.

88
89 **Board of Commissioner Position:**

90 The GM, Adam Denlinger received a letter from Commissioner Deanna Gravelle informing the District she will not be
91 running for another term but will complete her term until June 30, 2021. The Board and staff are grateful for Commissioner
92 Gravelle's service and contributions to the District as a commissioner and let her know that in the future if her
93 circumstances will allow her the Board encouraged her to consider serving as a board member again.

94 The GM will talk with the newly appointed Budget Committee member to see if she is interested to run for the position.
95 Commissioner Morris will also talk with 2 people he knows who have experience as commissioners to run for the position.
96 The deadline to file for the election as a commissioner with the County Clerk's office is on March 18, 2021.

97
98 **Decision Items:** None

99
100 **Reports, Comments, and Correspondence:**

101 Two good applicants for the operator 1 position were interviewed and one has water treatment experience. The GM is
102 anticipating offering the position to one of the applicants next week.

103 The GM was invited to provide testimony to the legislative water committee regarding HB-2310, AKA the Plastic Pipe Bill.
104 HB-2310 is a concern for SDAO member districts, and it seems inappropriate to have lawmakers' direct agencies regarding
105 what materials (pipe) is appropriate for use in their water system. Materials used in water/wastewater systems should be
106 determined by design specifications, and engineers who are experts in determining what pipe works in different locations. If
107 HB-2310 is approved in committee it goes to the House for adoption.

108 The Makai Road District has no complaints about the completed road that the contractor paved after the new water pipes
109 were installed through Makai to the treatment site.

110
111 **Adjournment:** President Rob Mills adjourned the meeting at 6:05 p.m.

112
113 **Next Board Meeting:** April 8, 2021, at 4:00 p.m.

114
115
116
117
118
119

Approved by Board President

Date: