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**SEAL ROCK WATER DISTRICT  
MINUTES OF THE  
Regular Board Meeting & Adopting of Budget  
by Zoom Conference Call and In Person  
June 9, 2022**

**Introduction to Remote Meeting:**

Denlinger, General Manager, explained that this board meeting is being conducted remotely and in person. Due to limited capacity for in person meetings, the public is invited to attend this meeting electronically. 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 on 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 4:03 p.m., Thursday, June 9, 2022.

**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, Treasurer; Commissioner Sandra Mies-Grantham, Secretary; and Attorney Jeff Hollen, Legal Counsel. Present in person in the Board room were President Rob Mills, Board President; Commissioner Glen Morris, member. Staff: Adam Denlinger, General Manager; Trish Karlsen, Bookkeeper.

**Excused Absences:** Commissioner Paul Highfill; Office Manager, Joy King-Cortes.

**Announcements/Public Comments:**

President Rob Mills asked if there are any announcements. Commissioner Karen Otta had no announcement; Commissioner Glen Morris had no announcement; Commissioner Sandra Mies-Grantham had no announcement; no announcement; Bookkeeper, Trish Karlsen had no announcement; General Manager, Adam Denlinger announced that there was an update to the contractor's pay application and presented the Board with the Revised Pay App. No. 24. Atty. Jeff Hollen had no announcement, and President Rob Mills had no announcement.

**Public Comments:** None

**Consent Calendar:**

Items on the consent calendar are May/June 2022 Invoices List; April 14, 2022, Regular Board Meeting Minutes; May 12, 2022, Regular Board Meeting & Budget Hearing Minutes; May/June 2022 Financial Report/Invoices List for approval; Business Oregon IFA Disbursement Request No. 44; USDA Phase IV PMR No. 24; Contractor's Pay Request No. 24; Change Order No. 11; and General Manager's Monthly Report.

President Rob Mills asked if each commissioner has reviewed the items on the consent calendar. Commissioner Karen Otta answered YES; Commissioner Glen Morris answered YES; Commissioner Sandra Mies-Grantham answered YES and President Rob Mills answered YES. Commissioner Glen Morris motioned to approve the consent calendar. Commissioner Sandra Mies-Grantham seconded the motion. Discussion followed. The GM updated the Board on some positive conditions. The third-party electrician that has been on site has completed the overall electrical evaluation of the WTP and the Intake site and the 123<sup>rd</sup> Pump Station and the 98<sup>th</sup> Street PRV. They did find one motor that did not pass the electrical inspection this is being addressed today as to why it did not pass. It is a finish pump at the WTP. The GM also explained that the Pay App. that was in the Board packet originally did not include removing liquidated damages. After reviewing the report from The Automation Group regarding the clean up of the servers, he feels that the report didn't give the district what we needed in the way of assurance that the equipment would continue to run damage free. We did ask the contractor to provide us with an extended warranty, the contractor has refused to do that and has also indicated that they are not willing to do any other additional work on the site other than that work that is necessary and subject to the conditions of the contract. We do not know what the cost would be to purchase new servers but he feels like the district would be accepting substandard equipment and the fact it wasn't protected by the contractor and exposed to the concrete dust. He feels we need to take steps to protect the district, we have been working cooperatively with the contractor. Thus, he presented a revised Pay App. that removes an additional 15 days of liquidated damages for a total of \$51,000 from the original Pay App. He explained that he wanted the Board to know why he is taking this action for their consideration and continued discussion. Atty. Jeff Hollen added that the withholding of the liquidated damages may have been prompted by the servers but the ability and the right to withhold damages is because the contractor hasn't substantially completed (failure to complete the project by substantial completion date). He also stated that the question as

61 to whether these are acceptable servers is an engineer decision as to whether it meets the contract specifications or not.  
62 And the reason to withhold liquidated damages instead of letting them go and then having to try to recover them later is  
63 because of their refusal to take any steps to coordinate with the district to provide assurance that the servers will continue  
64 to work as though they were never exposed to the concrete dust. The GM pointed out the special note on the Pay App.  
65 states the district's conditions as regards liquidated damages.  
66 Commissioner Karen Otta had a question regarding the consent calendar, she asked about the trailer the district  
67 purchased. The GM said, yes, we purchased a trailer that is for the new dump truck. The other trailer that we had would not  
68 be compatible with the new dump truck. He also brought out that we received a trade-in value for the old dump truck and  
69 old trailer of \$35,000 towards a new dump truck, which will not arrive for another 12-14 weeks. We also purchased a truck  
70 for the WTP. We purchased the new WTP truck for \$10,000 less than what the district approved for purchase.  
71 President Rob Mills asked for the commissioners' votes to approve the consent calendar. Motion was passed unanimously.  
72

73 **Discussion and Information Items:**

74 **Source Water Project Update:**

75 The special electrical inspection performed by Taurus Electrical has been completed as of today. We do not have their final  
76 report. Everything is satisfactory with exception of the one motor on the finish pumps at the WTP. Also, Westech, which  
77 provided the membrane filtration equipment will be here next week to restart the 5 days of overall functional testing of the  
78 equipment so that we can begin the operation of the WTP and begin making water again. If all goes well, the WTP should  
79 be up and running by the end of next week as long as there are no other issues. The contractor continues to work on punch  
80 list items (finish detail work, site restoration, grading of the road, installation of handrails, and other safety work). We are  
81 very near where we can certify the project as substantially complete and then ready for final payment.  
82

83 **Decision Items:**

84 **EJCDC C500 Amendment No. 2 to Owner-Engineer Agreement:**

85 The GM stated that Amendment No. 2 is necessary due to the project continuing and not being completed. This  
86 amendment is due to the fact that engineering oversight is necessary as we go through the completion of the project.  
87 Amendment No. 2 includes the cost for that continued oversight and cost, services, and support by Jacobs Engineering for  
88 the upcoming arbitration. President Rob Mills asked for the commissioners' votes to approve Amendment No. 2.  
89 Commissioner Glen Morris motioned to approve EJCDC C500 Amendment No. 2. Commissioner Karen Otta seconded the  
90 motion. The motion passed unanimously.  
91

92 **FY 2022-23 Budget Adoption Resolution No. 0622-01:**

93 The SRWD FY 2022-23 Budget has been prepared pursuant to Oregon Local Budget Law. The Budget Committee met on  
94 April 21, 2022, to review and approve the proposed budget prepared by staff under the direction of the Budget Officer. On  
95 May 12, 2022, a public hearing was held to hear and receive public comments regarding the SRWD FY 2022-23 budget  
96 approved by the budget committee. The district did not receive any comments from the public. There are no changes to the  
97 approved budget. Staff presented the resolution to the board for adoption.

98 It was motioned by Commissioner Glen Morris to adopt Resolution No. 0622-01, a resolution adopting the FY 2022-23  
99 budget in the amount of \$7,578,360, and a resolution making appropriations for the fiscal year beginning July 1, 2022, in  
100 the amount of \$7,578,360. And to adopt Resolution No. 0622-01, a resolution imposing the ad valorem property taxes  
101 within the district for the tax year 2022-23 beginning July 1, 2022, as follows: At the permanent rate of \$0.1259 per \$1,000  
102 of assessed value for the general fund operations and in the amount of \$1,444,920 for debt service on the general  
103 obligation bonds. The motion was seconded by Commissioner Karen Otta. President Rob Mills asked for the  
104 commissioners' votes. Commissioner Karen Otta voted YES, Commissioner Glen Morris voted YES, Commissioner  
105 Sandra Mies-Grantham voted YES and President Rob Mills voted YES. Motion was passed unanimously.  
106

107 It was motioned by Commissioner Glen Morris to adopt Resolution No. 0622-01, a resolution categorizing the tax for  
108 purposes of article XI section 11b as follows: Subject to the general government limitation is the Permanent Tax Rate of  
109 \$0.1259/\$1,000 and excluded from limitation is \$1,444,920 for the general obligation bond debt service. The motion was  
110 seconded by Commissioner Karen Otta. President Rob Mills asked for the commissioners' votes. Commissioner Karen Otta  
111 voted YES, Commissioner Glen Morris voted YES, Commissioner Sandra Mies-Grantham voted YES and President Rob  
112 Mills voted YES. Motion was passed unanimously.  
113

114 **Reports, Comments, and Correspondence:**

115 **Water Treatment Plant Server Clean Up Report:**

116 The GM said he is not satisfied with the report. He will be reaching out to The Automation Group to get a little more  
117 information including photographs and information on what they did, he would like to understand what we can expect in the  
118 impact of the conditions in the future.

119 **Jacobs Beaver Creek Intake Electrical Failure Report:**

120 The GM included this report for the Board in order for them to see that the decisions by the engineers with respect to the  
121 electrical failure are being taken seriously and that they are working through those issues to make sure that this type of

122 damage doesn't happen in the future. Commissioner Sandra-Mies Grantham requested that the engineers join the Board  
123 meeting for an update. The GM stated that this may be possible in addition to a final tour.  
124

125 **Executive Session:**

126 President Rob Mills recessed the regular board meeting at 4:30 p.m. to go into an executive session.  
127 The SRWD Board will meet in Executive Session, pursuant to ORS 192.660(2)(h); To consult with legal counsel concerning  
128 the legal rights and duties of a public body with regards to current litigation or litigation likely to be filed. Representatives of  
129 the news media and designated staff shall be allowed to attend the executive session. All other members of the audience  
130 are asked to leave the room. Representatives of the news media are specifically directed not to report on any of the  
131 deliberations. No final decisions shall be made in Executive Session.  
132

133 President Rob Mills adjourned the executive session at 5:12 p.m. and reconvened the regular board meeting.  
134

135 **Arbitration:**

136 Commissioner Glen Morris motioned to authorize the GM, Adam Denlinger, to enter into a settlement agreement with R&G  
137 Excavation. Commissioner Karen Otta seconded the motion. President Rob Mills asked for the commissioners' votes.  
138 Commissioner Karen Otta voted YES, Commissioner Glen Morris voted YES, Commissioner Sandra Mies-Grantham  
139 voted YES and President Rob Mills voted YES. Motion was passed unanimously.  
140

141 **Adjournment:** Commissioner Glen Morris motioned for adjournment. Commissioner Karen Otta seconded the motion.  
142 Commissioner Rob Mills adjourned the meeting at 5:15 p.m.  
143

144 **Next Board Meeting:** July 14, 2022, at 4:00 p.m. Regular Board Meeting.  
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Approved by Board President

\_\_\_\_\_ Date: