

**SEAL ROCK WATER DISTRICT
MINUTES OF THE
Regular Board Meeting
February 16, 2017**

6 Call Regular

7 Board Meeting: Board President John Garcia called the regular board meeting to order at 4:00 p.m.,
8 Thursday, February 16, 2017.

10 Present: John Garcia, Board President; Glen Morris, Treasurer; Sandra Mies-Grantham,
11 Secretary; Karen Otta, Member. Staff: Adam Denlinger, General Manager; Joy S King,
12 Office Manager. See sign in sheet for public attendance.

14 Excused Absences: Rob Mills

16 Announcements: Joy King announced the District didn't receive Pay Request #14 and Change Orders #5
17 and #6 from Mocon and should not be approved but should be removed from the Consent
18 Calendar. Sandi Luna, Mocon's Office Manager said they need more time to review the
19 pay requests and change orders. The GM, Adam Denlinger explained Mocon wants to
20 include items that had been rejected by the District.

22 Public Comments: None

24 Agenda Calendar: Items on the consent calendar are Invoice Lists for January 2017/February 2017; minutes
25 of the January 12, 2017 regular board meeting; January 2017/February 2017 Financial
26 Report/Invoices to approve; USDA Phase 3- Project Monitoring Report No 16; General
27 Manager's Report. The District has not received the original signed copies of Mocon's
28 Payment Applications and Change Orders. Sandra Mies-Grantham motioned to approve
29 the consent calendar. Motion Seconded by Karen Jacobs Otta. Motion carried 4-0.

30 Discussion and
31 Information Item:
32 Phase 3 Project

33 Close Out: The District is waiting for the signed final payment requests and signed change orders
34 from Mocon to process the project close-out.

36 One-Stop Meeting: The District hosted the One-Stop meeting at the office on February 14, 2017. There were
37 15 people in attendance including 5 representatives from Business Oregon-IFA; 2
38 representatives from USDA-RD; 3 SRWD commissioners; 2 SRWD staff; a Municipal
39 Advisor; a Project Manager; and a Grants Consultant. (See attached contact list)
40 Adam Denlinger, GM and Paul Berg, Project Manager did a presentation to introduce the
41 project to the lending agencies. After that, the lending agencies' representatives were
42 taken on a tour of the project sites which was well received and appreciated. After the
43 luncheon, IFA did the One-Stop presentation exploring three different scenarios.
44 The District received the summary of the presentation from IFA. The estimated cost of
45 Phase IV is \$12.5 million where the District has \$6.549 million G.O. Bond authority leaving
46 a shortfall of \$6 million that needs to be funded by loans and grants. The first One-Stop
47 scenario is financing \$6 million from Safe Drinking Water Revolving Loan Fund Program
48 (SDWRLFP) with \$1.030 million grant and \$4.970 million loan for 30 years at 1% interest
49 rate. The second scenario is financing \$9.049 million from USDA with \$2.5 million grant
50 and \$6.549 million loan using the District's \$6.549 million G.O. Bond authority for 25 years
51 at 2.75% interest rate and \$3.451 million USDA Revenue Bond for 30 years at 2.75%
52 interest rate. The third scenario is a combination financing from USDA and IFA where
53 USDA will finance \$9.049 million with \$2.50 million grant and \$6.549 million G.O. Bond
54 loan for 25 years at 2.75% interest rate and financing the \$3.451 million from SDWRLFP
55 with \$1.030 million grant and \$2.421 million loan for 30 years at 1%.
56 There was a teleconference with David Ulbricht where the possibility of saving the \$6.549
57 million G.O. Bond authority of the District for future projects. It was discussed that USDA
58 might not approve the \$2.5 million grant if the District will not use its G.O. Bond authority.
59 The financing combination of \$8.970 million loan and \$3.530 million grant from USDA and
60 IFA with 2.75% and 1% interest rates respectively seems to be the best financing option
61 to fund the Phase IV Project.

62 FY 2017-18 Water
63 Rate Adjustment:

The board reviewed and discussed the draft proposed rate increases prepared by staff for
64 conversation purposes. The proposal was based on the new annual debt service of

65 \$115,000 for the \$2 million Line of Credit; \$84,000 USDA annual requirement to be
66 deposited in Short-Lived Asset Replacement Reserve Account (SLARRA); and \$21,000
67 IFA revolving loan. It was discussed that the District makes annual transfers of \$284,000
68 to Water Source Reserve Fund, Capital Projects Fund, and Depreciation Fund and that
69 the transfers could be reduced and use the amount for the new debt service so that the
70 increase in the water rates is minimal. The importance of building the reserves to fund the
71 preliminary cost of Phase IV project before interim financing was also discussed. The
72 Board asked staff to prepare an additional rate increase proposal removing the cost of the
73 first 1,000 gallons and add that cost to the base rate. Also, include increases in base rate
74 for \$3, \$4, and \$5 and combination of increase in base rate and water usage.

75 SRWD Phase IV
76 Project Calendar:

77 The GM presented a draft schedule of Phase IV project beginning from the Source Water
78 Study which was approved on July 19, 2014. Water Permit was granted by Water
79 Resources Department and the Conceptual Design Report was completed. The District
80 now is seeking funding for the project.
81 According to the project time line, it is time to look into property acquisition and easements
82 for Phase IV project. The District needs to engage Jeff Hollen to look into obtaining
83 property and easements to bring water from Beaver Creek to the Makai Tank site and also
84 obtaining permits for the project.
85 It was discussed when is the best time to have a discussion with the City of Toledo
86 regarding the District's Phase IV Source Water Project. The estimated time for completing
87 the project is 2020. The District has a contractual obligation to give notice to City of
88 Toledo not less than 3 years before terminating the contract. It is provided in the contract
89 that the City and the District meet annually at the first quarter of the calendar year. The
90 GM recommended the annual meeting would be the best time to have a conversation with
91 the City of Toledo staff regarding the District's Phase IV project. It would be advantageous
92 to also invite Jeff Hollen and Paul Berg to attend the meeting. There was a discussion of
93 doing a project presentation later for the City Council and have a conversation of an
94 opportunity to have an emergency water usage contract similar to what the District has
95 with the City of Newport. The intertie with the City of Newport has proven to be very
96 beneficial for both agencies. The GM will set up the annual meeting with the City Manager
97 of City of Toledo.

97 Decision Items:
98 Loan/Grant
99 Application:

100 Glen Morris motioned to authorized Adam Denlinger, GM to submit letters of intent,
101 application to apply for loans/grants provided by Oregon Safe Drinking Water Program,
102 USDA-Rural Development, OWRD-Water Project Grants and Loans, and FEMA Hazard
103 Mitigation Program. Saundra Mies-Grantham seconded the motion. Motion carried 4-0.

103 Meeting with City
104 Of Toledo Staff:

105 Glen Morris motioned to authorize Adam Denlinger, GM to execute conditions of Section
106 3.2.4 of the December 2012 Water Purchased Agreement with the City of Toledo. Karen
107 Otta seconded the motion. Motion carried 4-0.

107 Property/Easement
108 Acquisition:

109 Glen Morris motioned to authorize Adam Denlinger, GM to engage legal counsel to
110 negotiate access agreements, easement agreements, and potential property acquisition
111 with property owners adjacent to Beaver Creek and Makai storage tank. Karen Otta
112 seconded the motion. Motion carried 4-0.

112 Reports, Comments,
113 & Correspondence:

114 Adam Denlinger, GM will be out of the office from March 13-26, 2017.
115 The District Office will be closed on Feb 20th in observance of President's Day.
116 There will be an Election for Directors on May 16, 2017 and those whose term expires on
117 June 30, 2017 needs to file with the County Clerk's Office no later than March 16, 2017.

117 Executive Session:

118 None

119 Next Board Meeting:

120 March 9, 2017 at 4:00 p.m. Regular Board Meeting.

121 Adjournment:

122 Motioned by Glen Morris to adjourn the meeting. John Garcia adjourned the meeting at
123 5:55 pm.