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**SEAL ROCK WATER DISTRICT
MINUTES OF THE
Regular Board Meeting
by Zoom Conference Call and In Person
March 12, 2026**

Introduction to Remote Meeting:

SRWD held this meeting through Zoom video conferencing and in person. Due to limited in-person meeting capacity, the public was encouraged to attend virtually.

Present:

Present through Zoom video conferencing was Commissioner Sandra Mies-Grantham, Secretary; Commissioner Karen Otta, Treasurer and Adam Denlinger, General Manager. Present in person in the boardroom were Commissioner Rob Mills, Board President; Commissioner Glen Morris, Member; and Attorney Jeff Hollen, Legal Counsel. Staff Renee Card, Finance Manager; Trish Karlsen, Bookkeeper; and Brad Wynn, Lead Operator.

Visitors Present: Present through Zoom video conferencing was James Huffman.

Excused Absences: Commissioner Amy Greer, Member.

Call Regular Meeting to Order:

President Rob Mills called the regular board meeting to order at 4:03 p.m., Thursday, March 12, 2026, and introduced the commissioners and staff present in the boardroom.

Announcements/Public Comments:

President Rob Mills asked if there were any announcements. Commissioner Sandra Mies-Grantham had no announcement; Commissioner Glen Morris had no announcement; General Manager, Adam Denlinger had no announcement; Renee Card, Finance Manager had no announcement; Trish Karlsen, Bookkeeper had no announcement; Attorney Jeff Hollen had no announcement; Brad Wynn, Lead Operator had no announcement; and President Rob Mills had no announcement.

Public Comments: None

Consent Calendar:

Items on the consent calendar include the February 2026/March 2026 Invoices List for approval; February 12, 2026, Regular Board Meeting minutes; the Financial Report; and the General Manager's Monthly Report. President Rob Mills asked if each commissioner had reviewed the consent calendar items. 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. The motion passed with Sandra Mies-Grantham voting YES, Glen Morris voting YES, President Rob Mills voting YES, and 0 NO votes.

Discussion and Information Items:

Source Water Operational Status:

While replacement membrane modules have been secured at the water treatment plant, installation is delayed approximately four weeks pending the arrival of supporting hardware. To maintain efficient operations in the interim, the Water Treatment Plant operators are monitoring the current filtration skids to ensure consistent water flow. Additionally, after learning that damaged modules did not qualify for emergency USDA grants, the district is also pursuing competitive House and Senate funding to install a \$3.5 million Granulated Activated Carbon (GAC) treatment system to address seasonal taste and odor issues with project support from local and state officials.

Proposed Water Rate Adjustment:

Three scenarios for a proposed water rate adjustment to be integrated into the upcoming FY 2026-27 budget were presented. The proposal aims to balance long-term financial planning, infrastructure maintenance and capital reserves with the needs of low-income residents and retirees on fixed incomes. To protect these vulnerable groups, the board discussed applying a base rate increase (options of \$3, \$4, or \$5) while delaying consumption rate hikes; specifically, the proposed 5% (60-cent) increase per thousand gallons would only apply to usage exceeding 5,000 gallons. This tiered approach ensures that those with lower consumption avoid the additional usage fees, while still generating necessary revenue for operations and reserves. The board reached a consensus to proceed with Proposal 1 which involves a \$5 base rate increase along with a \$0.60 increase for usage exceeding 5,000 gallons which is to be discussed further once it reaches the Budget Committee.

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Decision Items:

Appointment of Budget Committee Member:

The consideration was introduced by highlighting Mr. Paul Highfill's extensive experience with the District, noting his previous service as both a Board member and a former Budget Committee member. Mr. Highfill was officially welcomed back to serve a 3-year term on the budget committee. Commissioner Karen Otta moved to appoint Paul Highfill as a citizen member of the SRWD budget committee. The motion was seconded by Commissioner Sandra Mies-Grantham. The motion passed with Commissioners Karen Otta voting YES, Sandra Mies-Grantham voting YES, Glen Morris voting YES, President Rob Mills voting YES, and 0 NO votes.

Audit Report and Management Letter:

The auditor, Grimstad CPA, completed the District's audit for the fiscal year ending June 30, 2025 and delivered an audit report without negative findings or comments. A significant update revealed that a single audit is not required due to the timing of past expenses and a prior period adjustment. The auditor also recommended revisiting the district's capital asset policy, specifically suggesting an increase to the current \$2,500 capitalization threshold to reduce tracking requirements for smaller items. The management representation letter outlines the requirements of management for the completion of the annual audit. This letter needs to be signed by the General Manager and the Office/Finance Manager. Commissioner Glen Morris motioned to accept the draft fiscal year 2024-25 Independent Audit Report and to authorize the district to execute the Management Representation Letter. The motion was seconded by Commissioner Karen Otta. The motion passed with Commissioners Karen Otta voting YES, Sandra Mies-Grantham voting YES, Glen Morris voting YES, President Rob Mills voting YES, and 0 NO votes.

Report, Comments, and Correspondence:

General Manager Performance Review:

While scheduled for July 2026, the reviews will need to be completed and submitted by June.

Executive Session: None

Adjournment: President Rob Mills adjourned the meeting at 4:56 p.m.

Next Board Meeting: April 9, 2026, at 4:00 p.m. Regular Board Meeting.

Robert Mills
Approved by Board President

APRIL 09, 2026
Date: