

Minutes of the Medford Water Commission  
September 21, 2011

The meeting was called to order at 12:30 p.m. in the Lausmann Annex Room 151, City Hall, 200 S. Ivy Street, Medford with the following members and staff present.

Commissioners Leigh Johnson, Tom Hall, Cathie Davis and Jason Anderson.

Commissioner John Dailey was absent.

Manager Larry Rains, City Recorder Glenda Wilson, City Attorney John Huttl, Administrative Coordinator Betsy Martin, Public Information Coordinator Laura Hodnett, Water Quality Superintendent Bob Noelle; Conservation Technician Julie Smitherman.

Guests: Medford City Councilmember Bob Strosser; Central Point Mayor Hank Williams; Central Point Assistant City Manager Chris Clayton; Central Point Councilmember Kay Harrison; Medford City Attorney John Huttl; Public Works Management Joe Strahl; NW Pipe Company Jeff Curl; Brad Martinkovich.

2. Approval or Correction of the Minutes of the Last Regular Meeting of September 7, 2011 Postponed to the October 5<sup>th</sup> meeting.
3. Comments from Audience
  - 3.1 City of Central Point Councilmember Kay Harrison expressed appreciation of the study session topic on conservation.
  - 3.2 Central Point Assistant City Manager Chris Clayton spoke to looking at conservation on a regional basis.
  - 3.3 Jeff Curl of NW Pipe Company spoke to the presentation to the Commission at their last meeting regarding steel versus ductile iron pipes and noted that the presentation was very biased. He offered three options for the Commission to consider in regards to the bid submissions for the Table Rock bid submitted yesterday. The options were reconsider the bid submitted by Emery & Sons which would save the taxpayers \$555,000; consider going to Moore Excavation and asking them for a proposal for steel; or reject all the bids, put in an industry standard for steel pipe and rebid the project.
  - 3.4 Joe Strahl of Public Works Management addressed the Commission and stated he thought the conservation presentation was well done but did not hear what would need to be done to delay the Duff II implementation. Commissioner Hall noted he agreed and that the Commission will continue to discuss this issue.
4. Resolutions
  - 4.1 No. 1459, A RESOLUTION Awarding and Authorizing the Manager to Execute a Contract in the Amount of \$123,682.00, with OBEC Consulting Engineers, for Consulting Services to Design a New 7000 GPM Martin Control Station

Mr. Rains reported that four proposals were received and reviewed and OBEC offered the best combination of approach to the project, schedule and cost, which is in the best interests of the Commission. Notice of Intent to Award was issued on September 8th and no protests were received. The project will take around eight to nine months to complete. Staff recommends approval.

Motion: Approve Resolution No. 1459.

Moved by: Ms. Davis

Seconded by: Mr. Johnson

Roll Call: Commissioners Davis, Johnson, Anderson and Hall voting yes.

Motion carried and so ordered.

5. Authorization of Vouchers

Motion: Authorize the Manager and the Recorder to issue check-warrants in payment of invoices for a total amount of \$1,881,371.87.

Moved by: Mr. Johnson

Seconded by: Mr. Anderson

Roll Call: Commissioners Anderson, Davis, Hall, and Johnson voting yes; Anderson recused himself from Knife River voucher; Johnson recused himself from Stanley voucher. Motion carried and so ordered.

6. Engineer's Report

No report for this meeting

7. Water Quality Report

7.1 Superintendent Noelle presented the monthly report and noted that production is a less than normal.

7.2 Duff Plant – Superintendent Noelle noted that there was a nice story in the paper regarding Little Butte Creek restoration project through the Denman Wildlife area. Bob Jones worked closely with the project managers and the impact on the plant was minimal.

7.3 Chromium 6 Issue – Staff is moving forward with EPA monitoring and anticipates results late next week. A press release will be prepared for distribution and education only after results are presented to the Board. Sampling was done both in Big Butte and Rogue River and was done before and after disinfection.

8. Finance Report

No report for this meeting.

9. Operations Report

No report for this meeting.

10. Manager/Other Staff Reports

10.1 Mr. Rains reviewed the June 30, 2011 year end financials and the monthly financial for July 2011. Mr. Rains pointed out how the water revenues are listed on the report.

10.2 Mr. Rains reported on the steering committee (Tessa DeLine, John Dailey) have been researching for an individual to develop a Request for Proposal for a Financial Advisor. Portfolio Services for Government, LLC has been selected to develop the request for proposal.

10.3 Mr. Rains provided an update to the Commissioners regarding the amount of funds that are usually involved in short-term investments. He noted that this number fluctuates dependent upon capital improvement projects that are anticipated to be built throughout the year. He noted the issue that will come before the Commissioners will be how much should be invested in short-term versus long-term. This will need to be addressed so that when the request for proposal for a financial advisor is released responders will know approximately how much the Commission is looking to invest.

- 10.4 Mr. Rains addressed the bid responses for the Table Rock 48" Water Main Improvement project that were opened and the apparent low bidder was Moore Excavation, Inc. at \$4,189,347. Staff will be issuing the intent to award and this will be back before the Commission for approval at the next meeting.

Mr. Rains noted that late yesterday afternoon he received from Jeff Curl two unsolicited letters; one from Emery & Sons Construction and one from Kerr Contractors, Inc. The letters both offered reductions in their bids based on the use of steel pipe in lieu of ductile iron. Mr. Rains noted that these are non-responsive to the bid as the bid called for ductile iron. He noted that the use of ductile iron versus steel was addressed during the protest period and the Commissioners voted to utilize the ductile iron. Mr. Rains noted that staff is intending to use these letters to discuss the potential of changing standards in the future to include steel as directed by the Commissioners.

Commissioner Johnson questioned if the specifications/award process can be reconsidered and how this would be done. He noted he feels that there is now related cost information about this issue and perhaps should be reviewed again.

City Attorney Huttl noted that no contract has been awarded at this time but the bids have been opened. He noted the Commission could cancel all the bids, revise the specifications and then rebid the project. This may be a timing issue as this project is being coordinated with Jackson County road work. Mr. Rains noted that doing this would add about a two month delay to the project and the County is planning for the road work to be done next June. Commissioner Hall questioned if the Commission could negotiate with the low bidder for steel pipe. Mr. Huttl noted that if all the bids were above the engineer's estimate, which is not the case in this issue, you can negotiate. Otherwise, if you change the nature of the bid, you need to rebid the project. Commissioner Hall questioned just doing this as a change order. Mr. Huttl stated if it changes the nature of the bid you need to rebid the project not process through a change order.

Commissioner Hall noted that he was informed by Jeff Curl that these letters would be coming in and that if this was not addressed it would be taken to the newspaper. He noted that he had spoke with Mr. Rains and requested that a clearer tabulation of increased costs related to using steel vs. ductile iron be provided to the Commission. Commissioner Anderson noted that this information was presented at the last Commission meeting. Commissioner Hall noted the information presented could be taken to be one sided as he felt it was mostly from the Ductile Pipe Institute.

Commissioner Hall re-requested information from staff to address the true cost comparison of ductile pipe versus steel without a bias from either steel or ductile iron sides of the issue and Mr. Rains to have Eric Johnson put together the information for the next meeting. Mr. Rains reminded the Commissioners that if a change in the pipe specification is made, the project will need to be re-bid, as noted by legal, which will cause a delay.

- 10.5 Mr. Rains addressed the Commissioners regarding the timeline for the rate study. He is planning to present at the October 19<sup>th</sup> meeting two options for direction; what would the rate study do with updated financial figures from the end of the fiscal year without any increase for Duff II and then with a second 5 cent summer surcharge increase for Duff II. At the November 2<sup>nd</sup> meeting he will request direction from the Commissioners on which option they would like expanded into a full rate study. At the November 16<sup>th</sup> study session he will present the full rate study and if directed would publish the rate study public hearing notice on December 7<sup>th</sup>. The public hearing would be held on December 21<sup>st</sup>. Approval of the rate study would be requested at the December 21<sup>st</sup> meeting as well. This timeline would allow for implementation of any new rates in March 2012.

- 10.6 Mr. Rains reported that the Central Point proposal agreement with the City of Central Point has been returned to them with changes. They have reviewed the changes with their council and there was some discussion with the wording on page 2 of the agreement. Mr. Rains noted he did not feel that the wording change was of issue and would like to indicate to the City of Central Point that this is ok so that they can proceed with signing the agreement at their October 13<sup>th</sup> meeting. City Attorney John Huttl noted he would like an opportunity to review the revisions. Commissioners requested that Mr. Huttl review the revisions and that this be decided at the next commission meeting or sooner.
- 10.7 Mr. Rains reported that a meeting has been sent with representatives from the City of Eagle Point for September 29<sup>th</sup> at 3:30.
- 10.8 Mr. Rains reported on the contract renewals for the three water districts which are due the end of the year. The contract includes requirement that the districts obtain their own water rights. Mr. Rains noted he received communication back from Bob Stone, the attorney for the Charlotte Ann District and they want to discuss annexation of properties into their district. Basically they are saying they want the right to expand their district if they have to purchase their own water rights. The Water Commission has not allowed districts to expand previously. Staff will be meeting with the representatives from the water districts and will bring back further information for the Commissioners.
- 10.9 Mr. Rains addressed the Commissioners regarding an issue that has arisen regarding the Centennial Golf Course restaurant. It appears that a meter serving them was turned off when work was done on N. Phoenix Road. Staff resolved the issue and the water service was restored. However, the Golf Course is not in the Urban Growth Boundary so staff became curious as to how water service was being provided to them. It appears that years ago there was a farm labor camp in that area and state law required that farm labor camps be served with water. The camp has since closed and the meter was no longer in use. When the golf course was developed the meter was discovered and they were inadvertently connected for the development. Staff is recommending that the service continue but that the rate for the service be increased to the special outside customer rate. Commissioners concurred and staff will contact the Golf Course representatives to address the issue.
11. Propositions and Remarks from the Commissioners  
None
12. Adjourn  
There being no further business, this Commission meeting adjourned at 1:32 p.m. The proceedings of the Water Commission meeting were recorded on tape and are filed in the Water Commission's Office. The complete agenda of this meeting is filed in the Water Commission's Office.

Glenda Wilson  
City Recorder