

MINUTES OF THE REGULAR MEETING OF THE MEDFORD WATER COMMISSION

June 17, 2015

The regular meeting of the Medford Water Commission was called to order at 12:26 p.m. on the above date at the Medford City Hall Lausmann Annex, Room 151/157 with the following commissioners and staff present:

Acting Chair Jason Anderson; Commissioners John Dailey, Bob Strosser

Manager Larry Rains, Medford Deputy City Attorney John Huttli; Administrative Coordinator/Acting City Recorder Betsy Martin; Principal Engineer Eric Johnson; Finance Administrator Tessa DeLine; Water Treatment Director Jim Stockton; Operations Superintendent Ken Johnson; Public Information Coordinator Laura Hodnett; Administrative Specialist Yvette Finstad; TS Administrator Kris Stitt; HR/Payroll Specialist Kristin Berg; CS Coordinator Barbara Henderson

Guests: Medford Councilmember Chris Corcoran; Central Point Mayor and Liaison Hank Williams; Joe Strahl of RH2 Engineering; James Work

Commissioners Leigh Johnson and Lee Fortier were absent.

The pledge of allegiance was given.

3. Approval or Correction of the Minutes of the Regular Meeting of June 3, 2015
The minutes were approved as presented.

4. Comments from Audience

- 4.1 James Work, a customer who owns 38 units in Medford, attended the meeting to express his confusion with his water bill, late fees, and utility bill. He requested information regarding his payments over the years, and an adjustment to his water bill. Commissioner Anderson requested that staff review Mr. Work's account and report back to the board in two weeks; he invited Mr. Work to attend the next meeting and also suggested that he talk to the City regarding his utility bill.

Agenda Item Added:

Written Communications

Commissioner Anderson acknowledged receipt of a letter from the City of Central Point, dated June 11, 2015, and noted that it had been emailed to the board on June 16. He questioned if it should be addressed as written testimony under the budget hearing, Agenda Item 5.1. Manager Rains suggested that the letter appeared to be more related to water rates than the budget. Central Point Liaison Mayor Hank Williams stated that the letter was not intended to be addressed during the budget hearing. It had been submitted to offer Central Point's perspective on the Commission's financial policies discussion at the last board meeting. The board agreed to revisit Central Point's comments during future discussions on the Commission's 10-year plan, and when more board members are present.

5. Public Hearings

- 5.1 Consider Resolution No. 1582, A RESOLUTION Adopting the Budget for the Medford Water Commission of the City of Medford, by and through its Board of Water Commissioners, for Fiscal Year 2015-16 Commencing July 1, 2015, and Making Appropriations Thereunder

The proposed budget for Fiscal Year 2015-16 was presented at study sessions on April 15 and May 6, 2015 and revised for Board consideration at the June 17 meeting. The proposed budget, in the amount of \$39,123,534, has been revised to reflect changes to the funding of the Future Water Treatment Plant Fund as discussed at the June 3 meeting, as well as additional

summarized modifications. Notice of the hearing was posted at City Hall and the Commission's Annex office, and published on the website starting on May 20. Notices were also published in the May 27 and June 7 editions of the Mail Tribune. Printed copies of the proposed budget were delivered to the Commissioners and distributed to interested parties. Staff recommended approval.

Public hearing opened.

No one spoke.

Public hearing closed.

Motion: Approve Resolution No. 1582

Moved by: Mr. Dailey

Seconded by: Mr. Strosser

Commissioner Anderson questioned Finance Director Tessa DeLine as to whether the attached staff memo explained all of the changes made since the proposed budget was published, and if she had any additional comments. Ms. DeLine noted that all changes were listed and requested the board to let her know their suggestions for improvements to the budget document. Commissioner Dailey questioned if the Commission was current on its monthly financial reporting; Ms. DeLine reported that the March financial statements would be published this week; staff should be caught up on all reports by September. Commissioner Strosser noted staff's diligent work in ironing out problems with the new software, but questioned both Mr. Stitt and Ms. DeLine regarding the status of the rollout of certain billing functions, such as the early payment discount. Mr. Stitt explained that there had been a work backup due to issues with inventory and other finance functions for six to seven months; however, he is now focusing on launching the delayed features. Commissioner Strosser questioned if there were other deficient accounting features. Ms. DeLine noted other items that need to be completed, such as NSF check mapping, customer refunds, depreciation for fixed assets, and collection accounts. Mr. Stitt noted staffs' frustration with the project, which has taken longer than anticipated. Commissioner Strosser expressed concern that fixing the problems appeared to be taking time away from staffs' regular duties. He pointed out that the project needed to be finished and questioned staffing resources. Mr. Rains noted that staffing resources had been offered; however, he was reluctant to add full time employees. Commissioner Anderson questioned the two new FTEs in next year's budget. Mr. Rains noted that one was a Utility Person I position, which has already been filled, and the second was a new public relations position; for a total of 57 employees.

Roll Call: Commissioners Anderson, Dailey, and Strosser voting yes.

Motion carried and so ordered. Resolution No. 1582 was approved.

- 5.2 Consider Resolution No. 1583, A RESOLUTION Modifying the Charges for Special Services, Exhibit D of the Regulations Governing Water Service, Effective July 1, 2015

At the May 20, 2015 meeting, staff presented a study session on proposed changes to the Charges for Special Services. The modifications are increases or decreases based on costs of materials, travel, labor and whether contractors or utility staff members do the work. These chargers are published as an exhibit to the Commission's Regulations Governing Water Service. Notice of the public hearing was posted at City Hall and the Annex, and published in the Mail Tribune website. The modified charges would be effective July 1, 2015. Staff recommended approval.

Public hearing opened.

No one spoke.

Public hearing closed.

Motion: Approve Resolution No. 1583

Moved by: Mr. Dailey

Seconded by: Mr. Strosser

Commissioner Anderson questioned the increase in the charge for fire hydrant painting. Mr. Rains explained that those services are now competitively solicited and the costs have increased.

Roll Call: Commissioners Anderson, Dailey, and Strosser voting yes.

Motion carried and so ordered. Resolution No. 1583 was approved.

- 5.3 Consider Resolution No. 1584, A RESOLUTION Modifying the Charges in Lieu of Assessment, Exhibit A of the Regulations Governing Water Service, for Properties Directly Benefited by the Installation of Water Mains but Not Specifically Assessed for Such Benefit, Effective July 1, 2015

At the May 20 study session, staff presented proposed changes to the charges in lieu of Assessment. The per-lineal-foot assessments are revised on an annual basis on July 1, using the Engineering News Record's Construction Cost Index from the prior December. Staff requested approval to change the current rate of \$22.51 to \$23.13 per lineal foot. These charges are published as an exhibit to the Commission's Regulations Governing Water Service. Notice of the public hearing was posted at City Hall and the Annex, and published in the Mail Tribune and on the website. The modified charges would be effective July 1, 2015. Staff recommended approval.

Public hearing opened.

No one spoke.

Public hearing closed.

Motion: Approve Resolution No. 1584

Moved by: Mr. Dailey

Seconded by: Mr. Strosser

Commissioners Dailey and Anderson questioned the 10-year developer-reimbursement window and why it wasn't indefinite. Deputy City Attorney John Huttli explained the Oregon statute regarding Bancroft bonding, which has a 10-year period. He offered to give a more complete explanation and analysis at a different time. Commissioner Dailey requested a definitive answer and other possible alternatives regarding extension of the length of time, before the board considers modifying the charges next year. Commissioner Strosser noted that the City has discussed this issue and also uses the 10-year timeframe.

Roll Call: Commissioners Anderson, Dailey, and Strosser voting yes.

Motion carried and so ordered. Resolution No. 1584 was approved.

6. Resolutions

- 6.1 No. 1585, A RESOLUTION Approving Amendments to the Monthly Salary Rates for Non-Bargaining Unit Employees of the Medford Water Commission, Effective July 1, 2015

As part of the budget process, staff revised the monthly salary rates for all nonunion employees, based on the Consumer Price Indexes, Pacific Cities and US City Averages, for Urban Wage Earners and Clerical Workers. The resolution reflects a 1.7 percent cost-of-living increase. Staff recommended approval.

Motion: Approve Resolution No. 1585

Moved by: Mr. Dailey

Seconded by: Mr. Strosser

Commissioner Anderson questioned if this was in the contracts as a legal requirement. Mr. Rains noted that the cost-of-living increase is included in the bargaining unit contract. Typically the non-union group, which this resolution pertains to, follows the union in this regard. Commissioner Dailey pointed out that this was reviewed at a prior meeting.

Roll Call: Commissioners Anderson, Dailey, and Strosser voting yes.
Motion carried and so ordered. Resolution No. 1585 was approved.

- 6.2 No. 1586, A RESOLUTION Authorizing the Manager to Execute an Agreement to Provide Workers Compensation Insurance for Medford Water Commission Employees, for Fiscal Year 2015-16

Staff receives quotes annually for this insurance coverage; two were received this year. SAIF provided the low quotation. Staff recommended approval.

Motion: Approve Resolution No. 1586
Moved by: Mr. Dailey

Seconded by: Mr. Strosser

Commissioner Anderson questioned the large discrepancies in costs between the two proposals; HR/Payroll Specialist Kristin Berg reviewed the rating differences, last year's costs, and the dividend payment from SAIF. Commissioner Dailey questioned losses and Ms. Berg discussed last year's claims and the impact on the Commission's rating. A new safety program was started last March, which benefited the Commission's rates. There are only three small claims thus far this year, although the rating could be up again next year due to how it is calculated. Ms. Berg listed the employees who currently serve on the safety committee.

Roll Call: Commissioners Anderson, Dailey, and Strosser voting yes.
Motion carried and so ordered. Resolution No. 1586 was approved.

- 6.3 No. 1587, A RESOLUTION Adopting and Authorizing the Manager to Execute, the Investment Policy for the Board of Water Commissioners

The Commission re-adopts its investment policy every year in order to comply with state statutes. The policy provides guidance, diversification, effective management of financial risk and internal controls on investment decisions. There have been no modifications since last year's policy was adopted; staff recommended approval.

Motion: Approve Resolution No. 1587
Moved by: Mr. Dailey

Seconded by: Mr. Strosser

Commissioner Anderson questioned the status of the investments; Finance Director Tessa DeLine reported that investments are on hold currently due to the Commission's need for liquidity. Commissioner Anderson questioned if there would be problems meeting the budgetary requirements approved earlier. Ms. DeLine will provide investment advisor GPA a copy of the estimated 10-year cash flow analysis, which they can use in considering investments going forward.

Roll Call: Commissioners Anderson, Dailey, and Strosser voting yes.
Motion carried and so ordered. Resolution No. 1587 was approved.

7. Authorization of Vouchers

Motion: Authorize the Manager and the Recorder to issue check-warrants in payment of invoices for a total amount of \$360,817.19.

Moved by: Mr. Dailey

Seconded by: Mr. Strosser

Roll Call: Commissioners Anderson, Dailey, and Strosser voting yes; Anderson recused himself from the Asante Physician Partners voucher. Mr. Rains noted that the unapproved voucher will need to be brought back to the next meeting for quorum approval.

Motion carried and so ordered.

8. Engineer's Report (Principal Engineer Eric Johnson)
 - 8.1 Duff Water Treatment Plant Floc/Sed Basins – The submittal review process is underway. McClure and Sons are scheduled to mobilize onsite the first week of July.
 - 8.2 Vilas Road 16-Inch Water Main Inter-tie – Approximately 4,200 feet of 16-inch water main has been installed. A portion of the trench has been re-paved. The construction is continuing during night-time hours, with completion scheduled by the middle of July.
 - 8.3 Avenue H, 12-Inch Water Main Replacement – The bore under the railroad tracks has been completed. Approximately 600 feet of 12-inch water main has been installed, along with fire hydrants and lateral connections to the mills. The project is tentatively scheduled to be completed by the first week of July.
9. Finance Report (Finance Administrator Tessa DeLine)
 - 9.1 March Financial Statements - Currently under staff review, with publication expected by the end of the week.
 - 9.2 RFP Banking Services – The solicitation has been postponed until mid-late summer due to time constraints; banking fees have increased. Umpqua Bank currently provides these services to the Commission.
 - 9.3 Software Conversion Issues – These were discussed earlier in the meeting.
10. Operations Report (Operations Superintendent Ken Johnson)
 - 10.1 Commissioner Anderson questioned the injuries of service center employees. Mr. Johnson pointed out the aging workforce, but noted that it has been close to 90 days with no accidents.
 - 10.2 Medford Airtanker Base (MATB) – Received a request from the MATB regarding installation of temporary hydrant devices at the airport for recent fire-fighting efforts; the devices were installed yesterday. The board approved this exception to the Commission's regulations last year. MATB's intention is to install a permanent facility with a meter and also pay applicable system development charges (SDCs). The current charges for hydrant devices are \$10 per day with a \$40, one-time, set-up fee. Mr. Rains noted their usage last year of around 500,000 gallons. They may end up paying less with a meter, but there would be additional charges involved with installing the service. Mr. Johnson informed MATB that the Board of Water Commissioners would need to determine if the \$10-per-day charge is adequate. The board also may wish to consider whether to require a permanent service by the third year. Mr. Johnson noted that MATB would appreciate a letter from the Commission requiring them to install a meter, which would help MATB in securing grant funding. Principal Engineer Eric Johnson pointed out that they are using capacity that they haven't paid for. Typically a developer would be required to pay SDCs. Commissioner Anderson noted the public service aspect. Commissioner Strosser pointed out the need for installation of a permanent device and payment of the associated SDCs. Commissioner Anderson requested that staff produce a letter for board review.
 - 10.3 Ohio Street – There has been a new leak at this location, which will require replacement of 30 feet of waterline. A new valve will be installed as well, which should keep the Regency shopping center from experiencing additional water outages, in the event more waterline work is needed. The work is scheduled for next Tuesday night.

11. Manager/Other Staff Reports

11.1 EPID Agreement

The one-year agreement has now been fully executed. Staff anticipates that the Commission will go to full-pipe conditions on July 1, as stipulated in the terms of the agreement. Staff will review the terms and conditions annually, in the month of January, before the beginning of the irrigation season in April.

11.2 Announcement of an Early Study Session at the July 1, 2015 Meeting

The study session will begin at 11:30 a.m., for the Cost of Service Study presentation by consultant HDR, Inc. Commissioner Anderson requested a reminder call from staff. Commissioner Dailey questioned if they would present the rates model. Mr. Rains explained that HDR will present their findings in draft form, and the commissioners would need to review the study, and give their input on rate policies.

11.3 Reminder of the Water Rates Workshop on Wednesday, August 12, 2015

The meeting will be held at the Robert A. Duff Water Treatment Plant, at 1:30 p.m.; invitations will be forthcoming.

12. Propositions and Remarks from the Commissioners

12.1 Property/Liability Insurance – The board directed staff to explore a fee-based agreement with Brown and Brown Northwest. Medford Councilmember Corcoran questioned consideration of the additional riders that were presented. Board members were in agreement with self-insuring those facilities.

12.2 Commissioner Strosser noted that he would likely miss the July 15 board meeting.

Agenda Item Added:

Executive Session In Accordance with ORS 192.660(2)(f) to consider information or records that are exempt by law from public inspection.

The Board adjourned to executive session at 1:12 p.m.

The Board reconvened at 1:30 p.m. with the same members present.

13. Adjourn

There being no further business, this Commission meeting adjourned at 1:32 p.m. The proceedings of the Medford 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.

Betsy Martin
Administrative Coordinator/Acting City Recorder
Medford Water Commission