

MINUTES OF THE REGULAR MEETING OF THE MEDFORD WATER COMMISSION

December 15, 2010

The regular meeting of the Medford Water Commission was called to order at 12:28 p.m. on the above date at Medford City Hall Lausmann Annex, Room 151/157.

The following commissioners and staff were present:

Chair Leigh Johnson, Commissioners Cathie Davis, Don Skundrick, Jason Anderson, Tom Hall

Manager Larry Rains; Principal Engineer Eric Johnson; Administrative Coordinator and Acting City Recorder Betsy Martin; Water Quality Superintendent Bob Noelle; Operations Superintendent Ken Johnson; Geologist Bob Jones; Public Information Coordinator Laura Hodnett; Field Tech III Jeff Statchwick

Guests – Medford Council Liaison Bob Strosser and Alternate Liaison Jim Kuntz; City of Medford/Medford Water Commission Attorney John Huttli; Medford Deputy Fire Chief Kurt Bennett; Ashland Engineer Pieter Smeenck; Central Point Mayor Hank Williams; Central Point City Administrator Phil Messina; Central Point Assistant City Manager Chris Clayton; Central Point Interim Parks & Public Works Director Matt Samitore; Eagle Point Council President Alan Curriston; Eagle Point City Administrator Dave Hussell; Eagle Point Public Works Director Robert Miller; City of Phoenix Mayor Carlos DeBritto; Phoenix Council Members Stan Bartell and Mike Stitt; Talent City Manager Jay Henry; Charlotte Ann Water District Chair Steve Wilson; Jacksonville Highway Water District Chair Marv Teply; Cities Water Coalition and Public Works Management Representatives Joe Strahl and Chris Peters

2. Approval or Correction of the Minutes of the Regular Meeting of December 1, 2010
The minutes were approved as presented.
3. Comments from Audience
 - 3.1 Central Point Mayor Hank Williams noted his attendance for the public hearing.
 - 3.2 Chair Leigh Johnson pointed out the presence of representatives from the other cities.
4. Written Communications
 - 4.1 Letter from the Oregon Department of Environmental Quality
A Notice of Civil Penalty Assessment and Order related to the Capital Reservoir overflow was received from DEQ on December 2, 2010. Staff is working with Commission Attorney John Huttli on the appeal process. A copy of the notice was attached to the agenda packet.
- 5.1 Public Hearings
 - 5.1 Public Hearing to Consider Resolution No. 1427, A RESOLUTION Prescribing and Establishing Rates for the Use and Sale of Water From the Municipal Water System of the City of Medford, Oregon, Within and Without said City, to Intermittent Users, and to Special Outside Customers, Repealing All Prior Rates in Conflict Herewith and Providing That the Rate Schedules as Set Forth in the 2010 Cost of Service Study Shall Become Effective With the Billings on the 1st day of March 2011 and Thereafter

The Board received a copy of the 2010 Cost of Service Study at the November 3rd study session. Based on the study, staff recommended an increase in water rates for all groups, as summarized in the attached resolution, effective March 1, 2011. At the December 1st meeting, board members approved setting a public hearing at the December 15th meeting to consider approval of rate increases. All of the cities, water districts, other interested parties and the general public were given notice of the public hearing, and have had the opportunity to provide their comments about the rate increases. Staff recommended approval.

Public hearing opened.

Hank Williams, Mayor of Central Point and a member of the Cities Water Coalition (CWC), presented written

testimony and comments to the Board; he requested clarification on the water rights issue, and a delay in water rate increases until the Commission holds a meeting with the CWC.

Alan Curriston, Eagle Point Council President, pointed out that Eagle Point was pleased with the cost and quality of the Commission's drinking water; however, he preferred to delay rate increases until the Commission meets with the CWC in order to reach consensus; the cities would like to participate in future planning.

Carlos DeBritto, Mayor of Phoenix, commented that the Commission is a well-run organization; he was supportive of the CWC's position.

Steve Wilson, Chair of the Charlotte Ann Water District, was in support of the rate increases as proposed by the Commission.

Joe Strahl, Public Works Management, commented that the cities would like to meet with the Commission.

Commissioner Anderson questioned the public notice requirements for rate changes; staff explained that the Medford Charter specifies 60 days notification between the public hearing and implementation. Staff and Commission Attorney John Huttli discussed the public notification timeline; city representatives that testified at the public hearing requested additional time.

The public hearing was closed.

Board members discussed the public hearing comments and whether to continue discussion to a future board meeting. Board members suggested scheduling a study session with representatives from the CWC for a thorough review of rate increases only. The Commission's response letter to the CWC regarding other issues such as water rights is being formulated by legal counsel; if the study session leads to changes to the original rate study a second public hearing will need to be scheduled; Huttli will advise staff on the process.

Motion: Staff to schedule a special study session with representatives of the CWC and the Board of Water Commissioners on January 19, 2011, after the regular board meeting.

Moved by: Mr. Anderson

Seconded by: Ms. Davis

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

Motion carried and so ordered.

Staff requested direction from the board regarding the presentation for the study session; board members requested that staff respond to the issues on rates in the letter submitted at today's meeting by the CWC, in brief summary form; board members requested clarifications regarding the Other Cities customer group's rates vs. the Inside Customer rates and more of a big picture or philosophical explanation rather than strictly the numbers; board members noted staff's efforts in trying to present an accurate rates analysis to the board.

6. Resolutions

- 6.1 Resolution No. 1428, A RESOLUTION Amending the "Regulations Governing Water Service," Section 6.4 – Opening and Closing Bills, Effective December 15, 2010

The new credit card payment option has posed some issues regarding how a new service will be handled. With credit cards, the Commission will be able to process deposits immediately and have the ability to implement an "introductory" bill. Staff has reviewed current policy and is requesting an amendment to improve the bill opening/closing procedures. Benefits to customers and the Commission were discussed. A copy of the resolution with Exhibit A, which summarized the proposed changes, was attached; staff recommended approval.

Motion: Approve Resolution No. 1428.

Moved by: Mr. Skundrick

Seconded by: Ms. Davis

Commissioner Skundrick questioned the billing for the first few days; staff explained that the first month would be prorated and only include the deposit and initial days of service, which would be much lower than a current first month bill, which includes the deposit, initial days as well as a full month of service.

* Commissioner Johnson left the meeting.

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

Motion carried and so ordered. Resolution No. 1428 was approved.

* Commissioner Johnson returned to the meeting.

7. Authorization of Vouchers

7.1 Continued Vouchers from the December 1, 2010 Board Meeting

One board member previously recused himself from approving the vouchers for Knife River, Allan Cartography and the *Mail Tribune*. Commissioner Johnson, who was absent from the December 1, 2010 meeting, signed approval for those payments.

7.2 Consideration of Vouchers for December 15, 2010 Board Meeting

Motion: Authorize the Manager and the Recorder to issue check-warrants in payment of invoices for a total amount of \$1,771,137.06.

Moved by: Ms. Davis

Seconded by: Mr. Anderson

Commissioner Skundrick noted that he was no longer employed by Knife River and questioned whether he would still need to recuse from approval of those vouchers. Attorney Huttli noted that for the time being he should continue to recuse if his vote wasn't needed for authorization due to potential ongoing interest in the company; Huttli will discuss this issue with Commissioner Skundrick.

Commissioners Anderson and Skundrick recused themselves from the Knife River voucher.

Commissioner Anderson questioned the payment to Lithia Body & Paint; staff noted that there was damage to the Principal Engineer's vehicle as a result of a collision with a deer.

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

Motion carried and so ordered.

8. Engineer's Report

8.1 Duff Water Treatment Plant Seismic Upgrade and Remodel – The interior demolition is underway. The environmental containment has been installed and the hazardous waste abatement is underway.

8.2 Duff Water Treatment Plant Reservoir Seismic Upgrade – The reservoir and clear well inspection was performed on Tuesday and a project kick-off meeting is scheduled for next week.

8.3 Control Stations Upgrade – There are five general contractors prequalified to bid on the project. The bid opening is scheduled for December 21st.

8.4 Ave G - 48" Transmission Main – Staff met with Thornton Engineering and returned the 50 percent design plans for corrections; they are currently working on the plans.

- 8.5 11th Street 36" Water Transmission Main – Water main construction is underway on the Antelope Road tie-in project.
 - 8.6 Martin Control Station – ODOT is still evaluating the Commission's proposal for the future Martin Control Station property and will respond in the near future.
9. Water Quality Report
- 9.1 High Service Pump #3 - ready for start-up testing; Triad Mechanical is working to coordinate the effort; however, with the holidays approaching, the startup may be delayed until January.
 - 9.2 Water Quality at Willow Lake and Willow Creek - The HAB Public Health Advisory was lifted today. The Willow Lake algae sample submitted by Jackson County Parks on December 1st indicated that the bloom of blue-green algae at Willow Lake is no longer present; Commission staff is working to develop a monitoring plan for 2011.
 - 9.3 Residential Backflow Assembly Testing and Maintenance Services RFP - the Commission received four proposals; the evaluation committee (consisting of Julie Alvis, Larry Griffiths and Bob Noelle) conducted interviews with three firms on December 3rd. After much deliberation, staff recommended award to Scott Bradley Backflow Assembly Testing, Inc., the current provider of these services. Staff would like to move forward with a notice of intent to award, and award the contract at the January 5, 2011 board meeting. Board members questioned the cost proposals and the evaluation criteria; staff explained the process; Commissioner Johnson requested board copies of RFP evaluations and bid tabulations. Board members were in general consensus for staff to move forward with the Notice of Intent to Award to Scott Bradley Backflow Assembly Testing, Inc.
10. Finance Report
- 10.1 Finance Administrator Tessa DeLine was absent but Manager Rains noted that the Commission started accepting credit card payments at the customer service counter yesterday; November financial statements are close to completion.
11. Operations Report
- 11.1 11th Street 36" Water Transmission Main – staff working on dechlorination issues.
 - 11.2 Waterline leaks – projects on Riverside and South Pacific Highway may involve nighttime work; Rains pointed out that overtime hours, which currently are rarely approved, would be acceptable under these circumstances.
12. Manager/Other Staff Reports
- 12.1 Utility Management Software RFP – around 7-8 proposals were received; staff requested board member participation on the second tier evaluation process; Commissioner Davis volunteered.
 - 12.2 Letter received from Central Point Mayor Hank Williams regarding rate increases – a copy of the letter was enclosed in the board's folders as well as staff's response.
 - 12.3 City of Medford Study Session on the City's Water Conservation Committee – scheduled this Thursday evening to discuss the board's letter to City Council.
 - 12.4 Wetlands Mitigation Property – per board direction, staff discussed mitigation property with the city; their property isn't of same quality as the 35 acres currently under consideration, and the city may have other uses for it in the future so they weren't interested in a joint effort. Staff needs board direction regarding moving forward with the private parcel under consideration; both the Commission and the property owner have done appraisals; board members questioned whether

staff had looked at other private property, the option of working with a specialty realtor or with the consortium working with Jackson County; staff has looked at other properties but noted that this parcel was a high quality vernal pool site, the right size, with little remediation work needed; the Department of State Lands prefers large 100-acre blocks of acreage for connectivity; this parcel is next to an existing Nature Conservancy block; parcels like this will be in high demand; mitigation banks can be expensive; board and staff discussed the need for an endowment for annual maintenance of the property; this parcel would mitigate for the entire treatment plant property.

A motion related to authorizing the Manager to make an offer on the property based on the lowest appraisal price was moved and seconded. After discussion and friendly amendment, the motion was proposed as follows:

Motion: That the Manager was authorized to make an offer of \$275,000.00 for the Pacific Crest Transformers mitigation property.

Moved by: Mr. Hall

Seconded by: Mr. Anderson

Roll Call: Commissioners Davis, Johnson, Hall, Skundrick and Anderson voting yes.
Motion carried and so ordered.

13. Executive Session In Accordance with ORS 192.660(2)(h) – Legal Counsel

The Commission meeting adjourned to executive session at 1:44 p.m.

The Commission meeting reconvened at 2:08 p.m. with Chair Johnson; Commissioners Anderson, Davis, Hall and Skundrick; staff members Rains and Martin; and Commission Attorney John HuttI present.

14. Propositions and Remarks from the Commissioners
None noted.

15. Adjourn

There being no further business, this Commission meeting adjourned at 2:09 p.m. The proceedings of the Water Commission meeting were recorded digitally and filed in the Water Commission's Office. The complete agenda of this meeting is filed in the Water Commission's Office.

Betsy Martin
Medford Water Commission
Administrative Coordinator and Acting City Recorder
Clerk of the Commission