

MINUTES OF THE REGULAR MEETING OF THE MEDFORD WATER COMMISSION

January 16, 2013

The pledge of allegiance was given.

The regular meeting of the Medford Water Commission was called to order at 12:29 p.m. on the above date at the Lausmann Annex, 200 S. Ivy Street, Medford, Oregon with the following commissioners and staff present:

Chair Jason Anderson; Commissioners John Dailey, Cathie Davis, Lee Fortier, Leigh Johnson

Manager Larry Rains, Deputy City Recorder Karen Spoonts; Administrative Specialist Yvette Finstad; Principal Engineer Eric Johnson; Finance Administrator Tessa DeLine; Public Information Coordinator Laura Hodnett; Water Quality Administrator Rosie Pindilli; Operations Superintendent Ken Johnson; TS Coordinator Kris Stitt; Duff WTP Supervisor Jim Stockton; IS/CS Customer Service III Barb Henderson

Guests: Medford Councilmember Bob Strosser; Central Point Assistant City Manager Chris Clayton; Central Point Mayor Hank Williams; Eagle Point Public Works Director Robert Miller; Public Works Management (now called RH2 Engineering) Joe Strahl and Chris Peters; City of Ashland Mike Faught; Brad Martinkovich

3. Approval or Correction of the Minutes of the Regular Meeting of January 2, 2013

The minutes were approved with the change of total bid for Batzer Construction of \$424,006.

4. Comments from Audience

4.1 Joe Strahl, Public Works Management, noted that the company name has changed to RH2 Engineering. He addressed two items of concern 1) Medford Water Commission Goals should address the other cities as they represent 25% of generated water revenue. Councilmember Anderson noted that adopted MWC Goals #2 does address this issue. Mr. Strahl stated their second concern was 2) SDC fees and methodology established in the 1990s. He expressed concern that the upcoming study to be done by HDR Consulting may not address all the cities needs. He noted that they would like to be involved in the meetings as well. The board agreed to discuss this later in the meeting.

4.2 Brad Martinkovich addressed the Klamath water dam removal which is scheduled to be removed in 2020.

4.3 Central Point Mayor Hank Williams requested the rate of return be addressed.

5. Authorization of Vouchers

Motion: Authorize the Manager and the Recorder to issue check-warrants in payment of invoices for a total amount of \$1,912,586.43

Moved by: Mr. Dailey

Seconded by: Mr. Johnson

The board questioned the payment to the Bureau of Labor & Industry for Duff emergency; Manager Rains noted that it is a standard required payment for the Duff Emergency Backwash Project.

Roll Call: Commissioners Anderson, Dailey, Davis, Fortier, and Johnson voting yes; Fortier recused himself from Rogue Disposal, Rogue Shred, and Rogue Transfer & Recycling.

6. Engineer's Report (E. Johnson)

6.1 Duff Water Treatment Plant Flocc/Sed Basins – Weekly predesign and coordination meeting and water quality testing continues. A project workshop is scheduled for January 29 to discuss predesign options and Basis of Design Report.

- 6.2 Duff Water Treatment Plant Emergency Backwash – A preconstruction meeting was held yesterday. The reservoir is being emptied over the next week. Construction activities will commence next Tuesday.
- 6.3 Martin Control Station – The first weekly construction meeting was held last Thursday. Submittals, schedules, and schedule of values were discussed. Site mobilization and construction will start in February.
- 6.4 Water Main Project at Lyman Street and Bundy Street – The topographic survey is done and the design is underway.
- 6.5 Water Main Project at Highway 62 Bypass – The pot holing of existing water main to obtain conflict data continues.
7. Water Quality Report (Pindilli)
 - 7.1 In preparation for the New Year, Water Quality Administrator Pindilli has outlined all water quality sampling required. She commented on the extra sampling that will need to be done, which will amount to an additional \$20,000.
 - 7.2 2012 data has been analyzed and the Water Quality Analysis Report has been updated which will be posted to the website. This data will also be used in their Consumer Confidence Report.

Mr. Anderson questioned how much of the extra \$20,000 was mandatory vs. discretion; Ms. Pindilli noted the only testing at discretion would be pertaining to the algae bloom.
8. Finance Report (DeLine)
 - 8.1 The semi-annual inventory was completed at the Service Center last week; staff was pleased that the inventory was only \$5.00 off.
 - 8.2 Software vendors were in last week giving a number of tasks that must be completed by next week; much will have to be done by hand.
 - 8.3 Training needs to be completed for the Investment Software; Finance Administrator DeLine stated that she would like to have this up and running by the end of the month.
9. Operations Report (K. Johnson)
 - 9.1 Staff is working on numerous small contracts; local contractors were solicited for these; Bradley Excavation received the job for saw cutting; Spraymaster received the two year contract for controlling weeds.
 - 9.2 Crews are busy pot holing for future projects.

Commissioner Johnson noted that the Stanford Reservoir project turned out well; it is difficult to notice the fence without stopping.
10. Manager/Other Staff Reports
 - 10.1 Bi-Monthly Billing Update

Manager Rains presented information on the bi-monthly billing. He checked with the consultant about bi-monthly billing and was advised not to do that at the go live date; staff agreed. Mr. Rains also confirmed that the consultant estimated that it would be about a \$25,000 one-time fee to do this. Mr. Rains checked with staff pertaining to other city master meters; those would be read monthly. It appears the water districts would prefer to stay monthly. Inside customers and our outside customers would go monthly. Mr. Rains noted that going bi-monthly would

save money and presented information about how we could recoup the \$430,000 normally received from the City for joint billing, such as not hiring additional staff, etc. Commissioner Dailey questioned the investment loss by going bi-monthly; Ms. DeLine will bring those figures to the board. Mr. Rains noted that some things will be adjusted such as credit, etc. Mini surveys have been done; approximately 60% of MWC customers didn't have a problem with bi-monthly billing. Staff would like to go to bi-monthly July 1, 2014. If the board chooses to go bi-monthly sooner the consultants would not need to know now. Mr. Johnson thought it was \$675,000 month for our customers billing; Ms. DeLine thought it was higher. Mr. Dailey thought it was still a good idea although some of the bigger businesses, such as hospitals, may want to stay monthly. He questioned who the biggest users are; Public Information Coordinator Hodnett noted those that were surveyed are the largest users and their usage varies depending on the month. Mr. Anderson noted that we need to do what is best for the MWC. Mr. Johnson questioned what we would do about the larger water users; Mr. Anderson noted that they can budget and pay monthly by using the average information provided by the MWC. Mr. Dailey withdrew his suggestion that larger users be allowed to stay monthly. Mr. Anderson applauded staff's work on this.

- 10.2 Pertaining to the SDC and Rate Study that Mr. Strahl brought up, Mr. Rains noted that Mr. Anderson requested staff provided direction on this. Mr. Rains noted that initially a SDC study was requested. A contract was entered into with HDR for approximately \$5,000. The first task was to review our resolutions pertaining to SDC's and suggest any changes to make certain we meet current rules and regulations. The second task was to review our methodology pertaining to SDC's and suggest any changes to conform with current rules and regulations. HDR Consulting has received existing information, has proposed a revised resolution meeting current rules and regulations, and is now reviewing the methodology spreadsheet. Mr. Rains noted that because we already had a resolution and methodology in place, the cost of review is understandably lower than starting from scratch.

The Board has requested staff enter into an additional task under the SDC study contract with HDR to perform a review of our Rate Study in a similar manner. He reminded the board that no written proposal has come in yet. They will not be building a rate study from scratch but taking the existing rate study and performing an analysis of what we are doing and checking to see its conformance with standard rate making principles. Mr. Anderson questioned if we should allow the other city customers to comment and add to our scope of work. He noted that we are doing this for and at the request of the other cities; the board agreed. Mr. Rains stated this additional rate study proposal will come back to the board when a scope and cost are more precise; Mr. Dailey questioned if HDR can present the proposal in person to the board. Mr. Rains noted that we will have to pay them to make a visit but it can be done. Mr. Rains suggested getting the scope in hand, share with the other cities, and then have HDR in.

11. Propositions and Remarks from the Commissioners

- 11.1 Pertaining to the evaluation forms for the manager, Mr. Anderson noted the large one encompasses the small one. The board discussed the preferences they would like added to the document. Staff would send the evaluation forms to the board in preparation for an upcoming executive session.
- 11.2 Mr. Anderson brought up the subject of the rate of return from 5 to 2.5% as mentioned by Central Point Mayor Williams. Mr. Anderson would like to have this issue and depreciation issues mentioned in a previous memo from Joe Stahl as well commented on in the rate study review being proposed by HDR. The board agreed. Mr. Rains noted that he would request HDR cover these in their proposal.

12. Adjourn

There being no further business, this Commission meeting adjourned at 1:12 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.

Karen M. Spoonts, MMC
Deputy City Recorder
Clerk of the Commission