

MINUTES OF THE REGULAR MEETING OF THE MEDFORD WATER COMMISSION
February 1, 2012

Deputy City Recorder Karen Spoonts administered oath of office to Lee Fortier, who has been appointed to the Board; his term will expire January 31, 2017.

The regular meeting of the Medford Water Commission was called to order at 12:30 p.m. on the above date at the Medford City Hall Lausmann Annex, Room 151/157 with the following commissioners and staff present:

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

Manager Larry Rains; Attorney John Huttli; Deputy City Recorder Karen Spoonts; Administrative Coordinator Betsy Martin; Water Quality Superintendent Bob Noelle; Duff Supervisor Jim Stockton; Staff Engineer Rodney Grehn; Construction Administrator Andy Huffman; Water Quality Tech II Larry Griffiths

Guests: City of Medford Councilmember's Bob Strosser and Jim Kuntz; Medford Mayor Gary Wheeler; Central Point Mayor and Liaison Hank Williams; Central Point Councilmember Kay Harrison; Central Point Assistant City Manager Chris Clayton; Brad Martinkovich

2. Elect Board Chair and Vice Chair for Calendar Year 2011

The Board elects officers by motion at this time of year; the term will extend from February 1, 2012 through January 31, 2013. In past practice, the Commissioner whose term is set to expire after the upcoming year serves as Chair for that calendar year. Commissioner Dailey was appointed to fill the vacancy left by Don Skundrick's resignation and is in line to serve as Chair beginning at this meeting. Commissioner Anderson served as Vice Chair in 2011.

Motion: Elect Jason Anderson as Chair and Cathie Davis as Vice Chair of the Medford Water Commission with a term ending January 31, 2013

Moved by: Mr. Johnson

Seconded by: Mr. Dailey

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

Motion carried and so ordered.

3. Approval or Correction of the Minutes of the Last Regular Meeting of January 18, 2012

The minutes were approved as presented.

4. Comments from Audience

4.1 Brad Martinkovich thanked the MWC for the open forum. He believed the districts have an agenda pertaining to grant monies and if the MWC opposed dam removal they would not be able to obtain grant monies for the WISE Project. He spoke against the WISE Project due to the loss of water evaporation and ground seepage. He presented a portion of the Klamath Basin Restoration Agreement to the board.

5. Resolutions

5.1 No. 1475, A RESOLUTION Awarding to and Authorizing the Manager to Execute a Three-Year Contract in the Amount of \$42,000.00 with Davidson Fixed Income Management, Inc., for Non-Discretionary Investment Advisory Services for the Medford Water Commission

An RFP was issued on November 17, 2011, with the assistance of Terry McCall of Portfolio Services for Government. Three firms submitted responses. Two firms were selected for interviews, which was conducted on January 24, 2012, by Commissioner Dailey, Finance Administrator DeLine and Terry McCall. As a result, Davidson Fixed Income Management, of

Portland, Oregon, was the top proposer based upon the best combination of service and cost. A Notice of Intent to Award was issued on January 25. Staff recommended approval.

Commissioner Dailey noted that that was a perfect recap; he stated that the more they got involved the more complicated it became. The firm not selected was Cutwater Asset Management, who the City of Medford uses. Mr. Dailey noted that they picked Davidson Fixed Income Management because the MWC would need lots of hand holding, they are headquartered in Portland, Oregon so they are close and know Oregon statutes and regulations, they were more comfortable with them, liked their qualifications and size of the company. Besides signing the contract, the next step will be to write a new investment policy for the Commission, as the old policy was from 2002. He questioned how much the Commission would like to be involved. Commissioner Anderson wanted to address that after the board voted on the resolution. Mr. Anderson questioned where Cutwater Asset Management was located; Mr. Dailey noted the Portfolio Manager was from their headquarters located in Denver although they do have an office in Portland, Oregon. Mr. Anderson questioned how they came up with \$42,000; Mr. Dailey noted they were the only company that came up with a flat rate as the other companies bid on minimum rate and a percentage of assets. Mr. Anderson questioned the amount to be invested; Mr. Rains noted that all monies could not be invested as a portion of money is for everyday operations. Mr. Dailey noted that the amount to be invested will be in the investment policy; some money will be set aside for the day-to-day needs; money for projected projects will be invested depending on the startup date. Lastly, Mr. Dailey noted that we would need to contract with a custodian to hold the assets and the instruments.

Motion: Approve Resolution No. 1475

Moved by: Ms. Davis

Seconded by: Mr. Fortier

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

Motion carried and so ordered. Resolution No. 1475 was approved.

Commissioner Anderson questioned if Commissioner Dailey needed further direction from the Commission pertaining to the investment policy; Mr. Dailey questioned if anyone else would like to serve on the Committee; none stated that they would. Mr. Dailey noted that the Committee will meet with the firm and then report back to the board.

Commissioner Anderson recognized those in the audience that he missed.

Medford Mayor Wheeler welcomed Lee Fortier as the new Commissioner and thanked all the Commissioners for serving.

6. Authorization of Vouchers

Motion: Authorize the Manager and the Recorder to issue check-warrants in payment of invoices for a total amount of \$449,986.52

Moved by: Mr. Dailey

Seconded by: Mr. Johnson

Commissioner Dailey questioned the vouchers to Accent Business Systems and CDW and requested a monthly report on the software upgrade, specifically the budget and scheduling. Manager Rains stated that currently we are purchasing hardware and software; TS Coordinator Stitt will be updating the board as we move further along. Commissioner Johnson questioned the voucher for Iron Mountain; Mr. Rains noted that they are the depository company of the software upgrade; this fee was included in the upgrade.

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

7. Engineer's Report

- 7.1 As Engineer Johnson was out of town Mr. Rains presented the Engineer's Report. Mr. Rains noted that the software process has been delayed a week as there were minor glitches that staff wanted addressed. The project is expected to start within the next week or so. TS Coordinator Stitt believes the process will take 18 months although Mr. Rains thought it could be longer.
- 7.2 Lot Line Adjustment – Within the vouchers there was a payment for a lot line adjustment pertaining to the Rossanley Pump Station property. When staff wanted to fence the property it was noticed that the neighbor's garage and driveway were on MWC property. Although the MWC would give up a few feet of unused land at the Rossanley Pump Station property it seemed a reasonable thing to do vs. having the other property owner tear up their driveway and/or tear down the garage. This item will come back to the board for approval as staff cannot give up land without the board's approval.
- 7.3 Filter Expansion RFP – Last fall staff went out for an RFP for Phase 4 of the Duff I filters, which would bring the plant up from a 45 MGD to a 60 MGD plant. Many proposals were received; one proposal received also provided an alternate solution, which could possibly save a substantial amount of money of about two-three million dollars. The Review Committee comprising of Commissioners Dailey and Hall and three staff members decided that they needed to look at this alternative proposal in depth and sent staff out to look at this at various facilities which had the "high rate dual media system". Staff did not find the savings that the consultant had indicated and from staff's perspective there were more cons than pros. When brought back to the Review Committee they were split on which option to do. At the last Committee meeting they came to a compromised conclusion and recommended to 1) reject all RFPs taken in November on the rollout of the filters and 2) instead of doing the filter rollout build the floc/sed basin first which was the second step to the process. Mr. Rains noted that this is doable, will give a better pre-treatment process and will enhance the testing. A pilot study can then be done on how our water and process work with this new perceived system. He noted that this will change the completion time previously mentioned to Mr. Dailey from 2013 to 2014 but we will still have plenty of time and will not disrupt the plan for the expansion. As of January the law changed on RFPs so the process will change using QBS pertaining to working with a consultant. The filters have been budgeted for design this year; we will go out for a RFP for floc/sed and the board will see this in the budget.

Commissioner Anderson questioned if the board had any questions; Mr. Dailey noted that the Committee came to a reasonable solution and noted the reasons for doing the filter basin first. The board agreed to proceed in that direction.

Mr. Dailey questioned where Engineer Johnson was; Mr. Rains noted that he had him on another work assignment.

8. Water Quality Report

- 8.1 Intake Variable Frequency Drive Project – This project is progressing along; Marquess & Associates is finalizing the drive specification and staff expects the predesign report this Friday. Staff will pre-purchase the drive unit as mentioned at the last meeting.

- 8.2 Duff Reservoir – Nearing substantial completion; the plan is to disinfect the reservoir next week.
- 8.3 Willow Lake Lease Agreement - Geologist Jones is coordinating the Jackson County Lease Agreement for Willow Lake; agreement currently being reviewed by Attorney Huttli.
- 8.4 Duff Wetlands Mitigation – Ongoing; the property is almost ready to close in escrow.
- 8.5 Water Quality Programs – Many going on; looked at modeling and distribution systems. The distribution model is an amazing tool; it will show you the different water sources in the system under different demand conditions and is very interesting to work with.
- 8.6 Attorney Huttli noted that pertaining to the Willow Lake Agreement with Jackson County there is continued discussion on what to call the agreement.

9. Finance Report
None

10. Operations Report

- 10.1 As Operations Superintendent Johnson is at a meeting up north Mr. Rains presented the Operations Report. There was a second water line break on Boardman about 400' away from the previous break which flooded the same streets and some of the same properties. Within an hour staff shut down the valves. The MWC presented insurance claims to concerned property owners and the MWC will take care of them, as in past practices. The rupture was probably brought on by cold weather; the pipe is in good shape and just happens to be the same line.
- 10.2 Meter Purchases – A memo was presented to the board pertaining to meter purchases. This is a budgeted amount and is half of what we typically budget for the meters. This is staying up with our radio read meter replacement program which was originally a 22-year program. Before the end of this budget year the second half of this payment will be presented.

11. Manager/Other Staff Reports

- 11.1 At the request of Commissioner Johnson, Mr. Rains checked with BBS Operator Burg if he would be interested in a security system for the BBS home; Mr. Burg stated that he is not interested in additional security on the property.
- 11.2 The City of Medford has recently been discussing emergency preparedness for any emergency, such as an earthquake, and the need for staff to be able to be at work. Safety tubes for each employee were purchased at the City expense and placed under the desks. Food kits would be needed in order for staff to stay for extended periods of time; 72-hour food kits which include water and food would be purchased for employees in order to meet this need. Mr. Rains noted that at \$2,500 this is fairly economical and will be stored at the office, the Service Center and Duff. All of these locations are earthquake protected to some level.

12. Propositions and Remarks from the Commissioners

- 12.1 Commissioner Johnson stated the he is pleased with the Large Consumption Usage Report showing improvements in saving water; he appreciated the notes from staff by each address. He further commented that we have saved millions and millions of water by watching water

usage.

12.2 Commissioner Johnson brought up what will happen to PERS in 2013 or 2014. He requested staff run numbers on how the 12.5% increase for employers will affect Tier 1, 2 or 3 and how much this will cost the MWC. He stated that this will hurt city budgets; the MWC had already paid \$4 million years ago. Commissioner Strosser noted that the League of Oregon Cities compiled a graph on part of this and he will try to locate this for the board.

12.3 Mr. Rains stated that Bob Noelle, who has been with the Commission for 28 years, will retire this year. Mr. Noelle was going to retire five years ago but he convinced him to stay longer. Mr. Rains noted that Mr. Noelle is well respected, appreciated his help and thanked him for his service.

12.4 Commissioner Anderson welcomed Commissioner Lee Fortier to the board.

13. Adjourn

There being no further business, this Commission meeting adjourned at 1:17 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.

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