



BOARD OF WATER COMMISSIONERS MEETING MINUTES

Wednesday, January 18, 2023

Medford City Hall Council Chambers
411 W. 8th Street – Rm 300, Medford, Oregon 97501

The regular meeting of the Medford Water Commission was called to order at 12:25 p.m. on the above date at Medford City Hall Council Chambers, with the following commissioners, staff, and guests present:

Chair Bob Strosser; Commissioners Jason Anderson, John Dailey, Michael Smith, and David Wright.

General Manager Brad Taylor, Executive Administrative Coordinator Yvette Finstad, Finance Manager Anna Roeder*, HR Manager Tanya Haakinson, Water Meter & Controls Manager Ken Johnson, Water Maintenance Manager Lester McFall, Engineering Manager Brian Runyen, Information Technology Manager Kris Stitt, Water Quality & Treatment Manager Ben Klayman, Customer Service & Water Efficiency Manager Julie Smitherman, Sr. Capital and Special Projects Manager Andy Huffman

Guest(s): Attorney Mark Bartholomew, Eagle Point Mayor Kathy Sell, Robert Annear* (*Via Zoom)

3. Comments from the Audience

None.

4. Approval or Correction of the Minutes of the Last Regular Meeting of January 4, 2023

Motion: Approve the minutes of the last regular meeting as presented.

Moved by: Mr. Dailey

Seconded by: Mr. Smith

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

Motion carried and so ordered.

5. Resolution No. 1855, A RESOLUTION Authorizing an Exemption From Competitive Solicitation and Awarding a Contract in the Amount of \$740,000.00 to VertexOne to Purchase and Implement VXSmart Software to Upgrade Medford Water's Customer Service Website

Medford Water's current customer service website is utilized by customers to make payments and manage their water utility account. The original site was commissioned in 2013 and is no longer supported by the vendor or meets the needs of our customers. Medford Water contracted with Advanced Utility Systems (AUS) to purchase their Infinity Link Enterprise software to replace our site, and AUS was unable to complete the project; we have terminated the contract. VXSmart was identified as another good fit, offering many of the same features, along with stronger functionality in conservation and data analysis.

Commissioner Smith asked if the termination of the contract went smoothly. Stitt confirmed that we did terminate the contract and have not heard any feedback from the vendor. Commissioner Dailey asked if hourly data would be available with VXSmart. Hourly data would be available for those on Advanced Metering Infrastructure; the radios record every 4 hours, but send the hourly data at that time. Sensus will upload that information every night for us to access (so we will have hourly data for the previous day, not real time).

Motion: Approve Resolution 1855.

Moved by: Mr. Dailey

Seconded by: Mr. Smith

Commissioner Wright asked if the reason VXSmart was not selected before is because they did not provide real time integration with billing correct; Stitt confirmed that this was one of several reasons.

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

Motion carried and so ordered.

- 6. Resolution No. 1856, A RESOLUTION Awarding and Authorizing the General Manager to Execute a Contract Amendment in the Amount of \$628,000.00 with Invoice Cloud for the Credit Card Processing and Processing Card Industry Compliance Solutions Contract**
- Resolution 1653 (October 4th, 2017) authorized a contract to process electronic payments (such as credit card payments and automatic payments) through Invoice Cloud, which is integrated with our customer service website. Invoice Cloud charges a flat per item fee for their services, this does not include the Credit Card fees that are charged by the card processor. A dollar amount limit was not established at that time, however, our contract tracking spreadsheet showed a limit of \$500,000. Approximately \$484,000 has been spent with Invoice Cloud to-date, and staff anticipates that an additional \$144,000 will be needed before the contract expires in October 2023. This resolution will amend Res. 1653 to set the total contract amount to a not to exceed value of \$628,000.

Commissioner Smith inquired how many actually pay with paper check, and if there is a need to recoup credit card fees. Of the 94,287 payments that our staff processed in 2022, approximately 98% of those were paper checks, and the rest was cash. Early on, passing on the fees was found to not make sense at that time; we can look at in our messaging (encouraging people to choose e-check rather than credit card). Commissioner Dailey added that these are fairly new options, and there are costs associated with all of them, even cash. He does not personally like to see the fee passed along to the customer when paying a bill.

Motion: Approve Resolution 1856.

Moved by: Mr. Dailey

Seconded by: Mr. Anderson

Commissioner Wright asked if there is a contingency built into that total amount. Staff expects to meet the \$500k mark in the next month or so, the additional funds will fulfill the contract—based on what we are currently spending—until it expires in October, at which point staff will evaluate what to do next and bring that recommendation to the Board.

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

Motion carried and so ordered.

- 7. Resolution No. 1857, A RESOLUTION Authorizing the Chair to Execute an Agreement Between the Charlotte Ann Water District and the City of Medford, By and Through its Board of Water Commissioners, Providing For the 20-year Supply of Water to the Area Encompassed by the Charlotte Ann Water District, in the Event the District Successfully Dissolves**

Charlotte Ann Water District (CAWD) started in 1955, served by Medford Water as wholesale surplus water. Following the Alameda Fire and ahead of an upcoming ODOT project that will significantly impact district infrastructure in the ODOT right of way, the CAWD Board has voted to place the issue of dissolution on the ballot for the May 2023 election, and a dissolution agreement between CAWD, Phoenix, and Medford Water has been drafted. This agreement sets the framework for what will happen in the event the district dissolves. Four outcomes of the May 2023 election were outlined, along with what it would mean for the different customer groups involved: 1.) Electors approve dissolution and annexation, 2.) Electors approve dissolution and reject annexation, or it is delayed, 3.) Electors reject dissolution and approve annexation, and 4.) Electors reject both dissolution and annexation or it is delayed.

Commissioner Dailey noted that there is huge range in the size of customers served (from large commercial to residential), and wanted to be sure that customers are prorated and allocated costs appropriately (such as was done when Jacksonville Highway Water District dissolved). The customer size does not have much bearing on the mechanics of this agreement; those details will be ironed out and will largely apply to how we treat the 16 customers that are upstream of the CAWD pump station that are likely to become part of our Outside Customer group (and those charges already in place). We cannot speak to how Phoenix will treat the customers that come their way, which will be the bigger challenge.

Motion: Approve Resolution 1857.

Moved by: Mr. Dailey

Seconded by: Mr. Wright

Commissioner Anderson noted that in the agreement, it is outlined that the CAWD pump station will be the responsibility of Phoenix, but asked if there anything that puts the onus on Phoenix to cover the expenses culminating from the ODOT project. The ODOT project will not impact the 16 customers that are upstream of the pump station and within the Medford UGB, but there is reference to the other customers being responsible for those charges when they are known (Article 4). Commissioner Wright inquired as to what would happen if the fourth outcome happens; the district would continue to operate until it no longer is financially able.

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

Motion carried and so ordered.

8. Leadership Team Reports

- Brian Runyen, Engineering Manager
 - CM/GC Contracting – CM/GC works with design team to optimize cost and minimize schedule impacts, and strategies are developed for long lead-time/early purchase items and early work opportunities. The contractor is involved early during design, and constructability input reduces change orders. Examples of cost savings from the Duff 65MGD Filters, Reservoir & Pumping Expansion project were provided (approximately \$3.5M in savings currently). Early work packages (EWAs) allow an early construction start and reduced total duration. For example, a one year early start at 5% escalation results in a savings of \$3.5M. Labor costs are fixed at two points: EWA1 (filters) and EWA3 (reservoir/PS), also providing savings. The Guaranteed Maximum Price is inclusive of EWAs and contingencies. A typical 5% construction contingency is included and must be approved by both parties to use for unanticipated changes during construction; the unused budget and contingency is deducted from the contract at the end of construction. This process shares the risk between the contractor and owner. Slayden's costs were lowest in the CM/GC selection process for this project.

Commissioner Dailey acknowledged that the information has been very helpful in understanding the process as opposed to traditional bidding. CM/GC is becoming more common, and is helpful to manage cost escalation in the current climate. Commissioner Smith asked for clarification on the \$3.5M saved on the project due to CM/GC; Runyen clarified that the \$3.5M saved is on the value engineering side; another approximate \$3.5M will be saved just by getting the project underway a year earlier (depending on what the actual escalation ends up being).

- Anna Roeder, Finance Manager
 - Investment Update – Our investment advisors, Government Portfolio Advisors, recommended options for a \$5-10M investment. The objectives to preserve capital, meet liquidity needs, and provide return. Staff evaluated the options and decided upon a new investment of \$10M, which will result in approximately \$229K more in total cash flows. The maturity will be reached in fall 2023 to align with cash flow needs.
- Tanya Haakinson, HR Manager
 - Safety Update – Reviewing the 2022 OSHA 300A Log, there were 2 recordables, a contusion injury (shoulder) and a fracture injury (thumb). Both injuries had restrictions, and as part of the SAIF Nondisabling Claims Reimbursement process, will reduce money spent due to our lower experience mod (the claims will not impact the mod rate).
- Brad Taylor, General Manager
 - Upcoming Board Schedule – February 1, Water Efficiency Updates; February 15, Resiliency Backbone Discussion; March 1, Capital Budget 2023/24-Part 1; March 15, Capital Budget 2023/24-Part 2.

9. Propositions and Remarks from the Commissioners

Commissioner Wright remarked that he was honored to be a part of selection of proposals for Campus Consulting Service; 6 were received and reviewed, then narrowed to 3 for interviews, which will take place next week. Commissioner Smith attended the Medford Volunteers Luncheon, and remarked that attendees communicated to him about various issues they were experiencing or involved with, such as a water leak and CAWD. Commissioner Strosser noted that the board officer rotation schedule that seems most advantageous will be brought back to the next meeting for elections, and requested updated graphs illustrating water rates we charge and what other cities charge, as time allows, so that board members can understand what our customers pay versus other city customers.

10. Adjourn

There being no further business, this meeting adjourned at 1:44 p.m. The proceedings were recorded and are on file along with the complete agenda of this meeting.

Yvette Finstad
Assistant Clerk of the Commission