



This meeting will be held in person, but you may attend virtually; see the instructions on page 2.

AGENDA

11:30 a.m. LUNCH

11:45 a.m. STUDY SESSION – Cost of Service Study Presentation - Part I of II (Shawn Koorn and Kevin Lorentzen, HDR, Inc.)

12:15 p.m. BOARD MEETING

1. Roll Call

2. Pledge of Allegiance

3. Comments from the Audience

Comments will be limited to 4 minutes per individual, group, or organization; please state your name and organization (if applicable) when prompted.

4. Consent Calendar

4.1 Approval or Correction of the Minutes of the Last Regular Meeting of October 18, 2023

4.2 Quarterly Letter to Mayor and Council

5. Items Removed from Consent Calendar

6. Credit Card Fee Discussion

7. Leadership Team Reports

Leadership Team staff will be present and may provide information: Engineering Manager Brian Runyen, Water Operations Manager Dan Perkins, Information Technology Manager Kris Stitt, Human Resources Manager Tanya Haakinson, Water Resources & Customer Service Manager Julie Smitherman, and General Manager Brad Taylor.

8. Propositions and Remarks from the Commissioners

9. Adjourn

DATES TO REMEMBER*					
DATE	DAY	TYPE OF MEETING	STUDY SESSION TIME & TOPIC	REGULAR MEETING	LOCATION
11/15/23	Wed	Board Meeting	COSA Part II	12:15 p.m.	Prescott Room, Police Dept
12/06/23	Wed	Board Meeting	JC/MW Bulk Water Sales Update and Intermediate Water User Update	12:15 p.m.	Prescott Room, Police Dept
12/20/23	Wed	Board Meeting	Annual Audit	12:15 p.m.	Prescott Room, Police Dept

*Meeting dates, times, and locations are subject to change.

INSTRUCTIONS FOR ATTENDING THIS MEETING VIRTUALLY



To join by computer, click the following link:

https://us02web.zoom.us/webinar/register/WN_W3Pg8iDVT8uBdro9JBU--A

Meeting passcode: 977547



To join by phone, call:

(669) 900-6833

Meeting ID Number: 896 1358 8237 Meeting passcode: 977547



Memorandum

TO: Commissioners Michael Smith, John Dailey, Jason Anderson, Bob Strosser, and David Wright
FROM: Brad Taylor, General Manager
DATE: Wednesday, November 1, 2023
SUBJECT: Item 4.2 – Quarterly Letter to the Mayor and City Council
OBJECTIVE: Board Approval

Issue

The letter to the Mayor and City Council for the first quarter of Fiscal Year 2023-24 along with the financials, Consumption Report, and Watershed Report.

Discussion

Medford Water is required by Section 19 of the Medford Charter to make full reports of the business transacted by it and of the condition of its funds once every three months to the City Council. If the board members agree to the contents of the letter for the first quarter of FY23-24, the Chair and General Manager will sign, and it will be forwarded to the Mayor and Council members.

Financial Impact

n/a

Requested Board Action

Approve contents of the first quarter letter to the Mayor and City Council.



November 1, 2023

Mayor Randy Sparacino and City Council
City of Medford, Oregon
411 West 8th St.
Medford, Oregon 97501

Honorable Mayor and Council Members:

Attached are Medford Water's quarterly financial reports for the first quarter of Fiscal Year 2023-24, as well as Consumption and Watershed Reports.

During the first quarter of Fiscal Year 2023-24, Charlotte Anne Water District dissolved (July 1, 2023) and ownership and operations of the Water District became the direct responsibility of the City of Phoenix and Medford Water. Medford Water took over ownership and customers within the Urban Growth Boundary of City of Medford and all other ownership and customers went to the City of Phoenix.

Medford Water awarded a construction contract to Pilot Rock Excavation to install a 42" water transmission pipeline down Table Rock Road to Vilas Road. This project is part of our broader strategy to develop "Backbone" infrastructure from our source on the Rogue River to the main storage facilities utilized to serve the City of Medford and our Partner Cities.

Additionally, a Basis of Design Report was finished for our new Medford Water Operations Center and work began on Schematic Design.

If the Mayor or Council members have any questions, feel free to contact our office at any time, or Nick Card, Council Liaison.

Sincerely,

Michael Smith, Chair
Board of Medford Water Commissioners

Brad Taylor, General Manager
Medford Water

Attachments

Medford Water Commission
Income Statement
9/30/2023

	Month to Date		Year to Date	
	Current	Prior	Current	Prior
Water Fund				
Operating Revenues				
Residential Sales Inside Gallonage	\$975,518.40	\$970,885.90	\$2,943,027.89	\$2,571,597.43
Commercial Sales Inside Gallonage	338,163.93	358,776.33	994,096.87	911,050.16
Industrial Sales Inside Gallonage	18,961.80	19,311.00	55,141.32	54,226.23
Base Charges Inside	577,136.04	531,811.89	1,730,136.22	1,593,116.10
High Elevation Charges	52,768.59	48,650.39	151,486.19	133,064.15
Fire Services Inside	31,972.30	29,352.99	95,713.63	87,644.37
Residential Sales Outside Gallonage	134,322.05	141,281.49	453,435.90	436,582.63
Commercial Sales Outside Gallonage	73,646.72	87,800.96	221,730.88	238,058.08
Industrial Sales Outside Gallonage	170,271.36	166,131.68	472,501.12	457,312.96
Base Charges Outside	125,567.95	114,123.47	376,578.35	342,250.44
Fire Services Outside	10,035.78	8,316.95	30,103.42	24,924.45
Sales to Other Utilities	341,494.01	378,082.80	1,102,132.63	1,315,004.67
Miscellaneous Collections	38,778.32	36,998.67	116,894.67	110,909.62
Connections/Installations	69,636.16	114,239.20	175,676.45	228,745.51
Total Operating Revenues	2,958,273.41	3,005,763.72	8,918,655.54	8,504,486.80
Operating Expenses				
Water Operating Expenses				
Source of Supply	241,173.85	86,666.81	553,256.12	370,774.71
Supply Pumping	111,528.03	124,126.70	327,110.05	272,771.70
Purification	299,421.78	285,465.46	1,032,502.85	946,210.16
Transmission	12,137.96	18,399.71	47,679.75	41,938.38
Distribution Pumping	52,853.16	52,435.70	191,141.47	146,608.17
Distribution	266,112.02	329,215.40	893,850.49	1,055,838.34
Customer Accounts & Collection	279,749.24	189,686.58	726,655.43	672,495.06
Administrative & General	119,883.40	6,506.38	205,888.79	196,808.93
Connections/Installations	72,436.53	120,666.75	178,553.11	189,872.97
Total Operating Expenses	1,455,295.97	1,213,169.49	4,156,638.06	3,893,318.42
Operating Income Before Depreciation	1,502,977.44	1,792,594.23	4,762,017.48	4,611,168.38
Depreciation	365,259.65	340,288.32	1,090,747.27	1,021,774.40
Total Operating Income	1,137,717.79	1,452,305.91	3,671,270.21	3,589,393.98
Non Operating Revenues				
Charges in Lieu of Assessments	0.00	0.00	0.00	0.00
Investment Revenue	8,473.30	(8,859.21)	47,984.90	(5,742.06)
Grant Revenue	0.00	(2,294.00)	12,066.00	(2,294.00)
Forest Product Revenue	251,220.25	0.00	478,289.00	0.00
Debt Proceeds	2,566,066.54	1,179,298.65	6,942,114.86	1,179,298.65
Miscellaneous Revenue	12,159.46	3,031.44	13,615.84	28,307.56
Total Non Operating Revenues	2,837,919.55	1,171,176.88	7,494,070.60	1,199,570.15
Income Before Contributions	3,975,637.34	2,623,482.79	11,165,340.81	4,788,964.13
Capital Contributions				
System Development Charges	70,430.75	146,446.23	199,684.57	401,614.59
Developer Donations (Capitalized)	76,396.00	0.00	668,320.68	9,200.00
Total Income from Contributions	146,826.75	146,446.23	868,005.25	410,814.59
Net Income - Water Fund	\$4,122,464.09	\$2,769,929.02	\$12,033,346.06	\$5,199,778.72
Combined Income (All Funds)				
Net Income - Water Fund	4,122,464.09	2,769,929.02	12,033,346.06	5,199,778.72
Net Income - Construction Fund	134,108.37	(35,317.56)	421,427.18	(14,780.41)
Net Income - Main Replacement Fund	0.00	0.00	0.00	0.00
Net Income - FWTP Fund	0.00	0.00	0.00	0.00
Net Income - FWRD Fund	0.00	0.00	0.00	0.00
Net Income - Vernal Pool Mgmt Fund	0.00	0.00	0.00	0.00
Total Combined Net Income	\$4,256,572.46	\$2,734,611.46	\$12,454,773.24	\$5,184,998.31

**Medford Water Commission
Balance Sheet
9/30/2023**

	Water System		Total	Last Year
	Water Fund	Construction Fund		
Assets				
Current Assets				
Cash	\$2,624,079.08	\$0.00	\$2,624,079.08	\$1,934,308.66
Revolving Fund Cash	22,940.00	0.00	22,940.00	31,488.23
Cafeteria Plan Cash	9,085.12	0.00	9,085.12	20,151.63
Short Term Investments	3,145,451.03	11,466,322.26	14,611,773.29	16,569,852.98
Short Term Investments- Future Main Replacement	0.00	5,029,235.84	5,029,235.84	4,548,978.73
Short Term Investments- Future Treatment and Trai	0.00	9,182,710.75	9,182,710.75	8,110,623.45
Short Term Investments- Future Water Rights Devel	0.00	5,230,008.35	5,230,008.35	5,008,230.43
Short Term Investments- Vernal Pool Management	0.00	142,863.59	142,863.59	136,805.44
Short Term Restricted Investments	5,775,891.87	0.00	5,775,891.87	215,865.08
Notes Receivable	1,794,622.04	0.00	1,794,622.04	1,941,135.46
Accounts Receivable	2,889,535.24	0.00	2,889,535.24	2,689,646.56
Accounts Receivable - Misc.	3,328,529.19	0.00	3,328,529.19	3,657,923.85
Cafeteria Plan Receivable	9,237.97	0.00	9,237.97	6,575.94
Inventory	9,118,592.42	0.00	9,118,592.42	1,404,636.56
Work in Progress	531,867.67	0.00	531,867.67	351,171.69
Prepaid Expenses	562,352.03	0.00	562,352.03	265,754.53
Other Current Assets	90,796.50	0.00	90,796.50	101,085.15
Total Current Assets	29,902,980.16	31,051,140.79	60,954,120.95	46,994,234.37
Fixed Assets				
Utility Plant / Service	220,287,548.61	0.00	220,287,548.61	199,783,583.07
Construction in Progress	43,656,067.24	0.00	43,656,067.24	19,975,273.46
Accumulated Depreciation	(72,839,230.33)	0.00	(72,839,230.33)	(57,511,170.21)
Total Fixed Assets	191,104,385.52	0.00	191,104,385.52	162,247,686.32
Total Assets	221,007,365.68	31,051,140.79	252,058,506.47	209,241,920.69
Liabilities & Fund Equity				
Current Liabilities				
Accounts Payable	8,320,599.40	0.00	8,320,599.40	1,373,300.05
Retainage Payable	563,409.67	0.00	563,409.67	0.00
Customer Deposits	100,607.66	0.00	100,607.66	91,771.65
Miscellaneous Deposits	14,940.00	0.00	14,940.00	2,500.00
Construction Deposits	696,380.00	0.00	696,380.00	608,680.00
Miscellaneous Payable	204,607.12	0.00	204,607.12	256,980.35
Water Districts Payable	52,261.20	0.00	52,261.20	76,453.95
Accrued Vacation	729,167.00	0.00	729,167.00	654,205.99
Cafeteria Plan Payable	9,085.12	0.00	9,085.12	15,911.00
Other Current Liabilities	1,845.39	0.00	1,845.39	1,787.14
Total Current Liabilities	10,692,902.56	0.00	10,692,902.56	3,081,590.13
Fund Equity				
Retained Earnings	198,666,191.76	30,244,638.91	228,910,830.67	200,975,332.25
Total Fund Equity	198,666,191.76	30,244,638.91	228,910,830.67	200,975,332.25
Net Income - Fiscal YTD	12,033,346.06	421,427.18	12,454,773.24	5,184,998.31
Fund Transfers In (Out)	(385,074.70)	385,074.70	0.00	0.00
Total Liabilities & Fund Equity	221,007,365.68	31,051,140.79	252,058,506.47	209,241,920.69



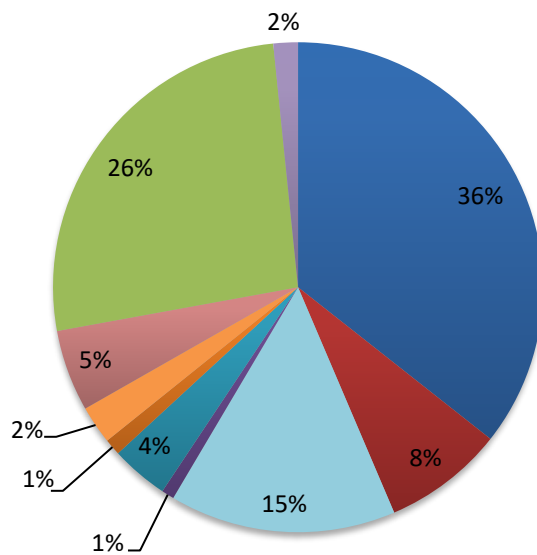
WATER CONSUMPTION - THOUSANDS OF GALLONS

	CONSUMPTION JUL - SEPT 2023	CONSUMPTION JUL - SEPT 2022	CHANGE IN CONSUMPTION
INSIDE SINGLE-FAMILY RESIDENTIAL	1,395,373	1,320,701	5.65%
INSIDE MULTIPLE-FAMILY RESIDENTIAL	311,735	302,978	2.89%
INSIDE COMMERCIAL	584,768	545,645	7.17%
INSIDE INDUSTRIAL	32,628	34,539	-5.53%
OUTSIDE SINGLE-FAMILY RESIDENTIAL	148,796	155,771	-4.48%
OUTSIDE MULTIPLE-FAMILY RESIDENTIAL	42,459	41,364	2.65%
OUTSIDE COMMERCIAL	98,955	114,453	-13.54%
OUTSIDE INDUSTRIAL	210,942	219,862	-4.06%
SALES TO OTHER UTILITIES	1,027,846	986,226	4.22%
SALES TO WATER DISTRICTS	63,475	59,724	6.28%
TOTAL WATER CONSUMPTION	3,916,977	3,781,263	3.59%

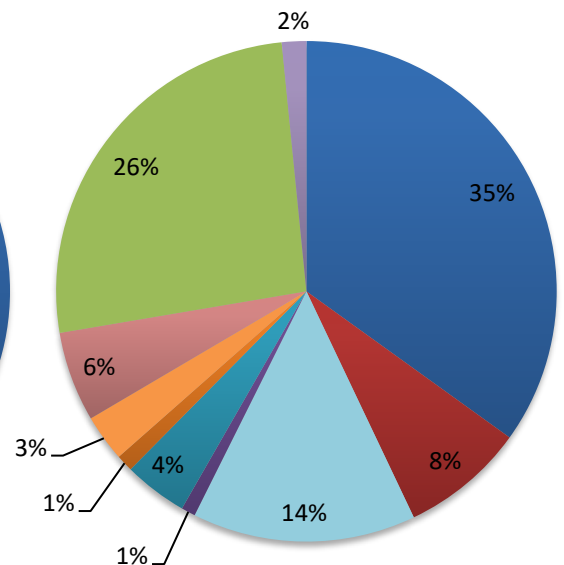
**Percentage of Total
Consumption
for Quarter**

- INSIDE SFR
- INSIDE MFR
- INSIDE COM.
- INSIDE IND.
- OUTSIDE SFR
- OUTSIDE MFR
- OUTSIDE COM.
- OUTSIDE IND.
- OTHER UTILITIES
- WATER DISTRICTS

Q1-2023



Q1-2022



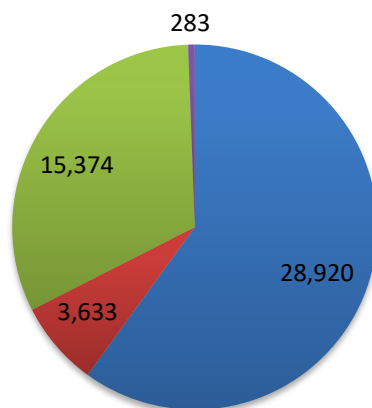
WATER SERVICES TO SEPTEMBER 30, 2023

	<u>SERVICES SEPT 2023</u>	<u>SERVICES SEPT 2022</u>	<u>CHANGE IN SERVICES</u>
<u>INSIDE CITY</u>			
RESIDENTIAL - SINGLE-FAMILY	23,035	23,068	-33
RESIDENTIAL - MULTIPLE-FAMILY	2,544	2,514	30
COMMERCIAL	2,780	2,778	2
INDUSTRIAL	50	51	-1
FIRE SERVICES	511	507	4
<i>SUBTOTAL - INSIDE CITY</i>	<u>28,920</u>	<u>28,918</u>	<u>2</u>
<u>OUTSIDE CITY</u>			
RESIDENTIAL - SINGLE-FAMILY	3,094	3,049	45
RESIDENTIAL - MULTIPLE FAMILY	90	86	4
COMMERCIAL	247	233	14
INDUSTRIAL	109	104	5
UTILITIES	7	7	0
FIRE SERVICES	86	81	5
<i>SUBTOTAL - OUTSIDE CITY</i>	<u>3,633</u>	<u>3,560</u>	<u>73</u>
<u>OTHER UTILITIES</u>			
CITY OF CENTRAL POINT	6,832	6,813	19
CITY OF JACKSONVILLE	1,558	1,552	6
CITY OF EAGLE POINT	3,596	3,576	20
CITY OF PHOENIX	1,202	1,195	7
T.A.P.	2,186	2,174	12
<i>SUBTOTAL - OTHER UTILITIES</i>	<u>15,374</u>	<u>15,310</u>	<u>64</u>
<u>WATER DISTRICTS</u>			
CHARLOTTE ANN	180	155	25
ELK CITY	103	103	0
<i>SUBTOTAL - WATER DISTRICTS</i>	<u>283</u>	<u>258</u>	<u>25</u>
TOTAL WATER SERVICES	<u>48,210</u>	<u>48,046</u>	<u>164</u>

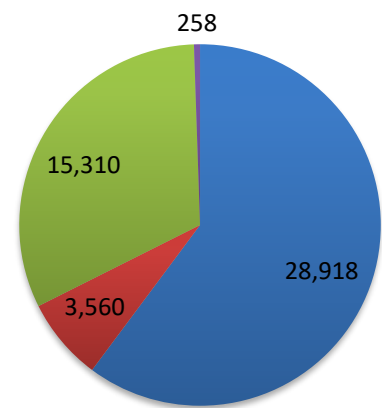
**Number of Services
in September**

- INSIDE CITY
- OUTSIDE CITY
- OTHER UTILITIES
- WATER DISTRICTS

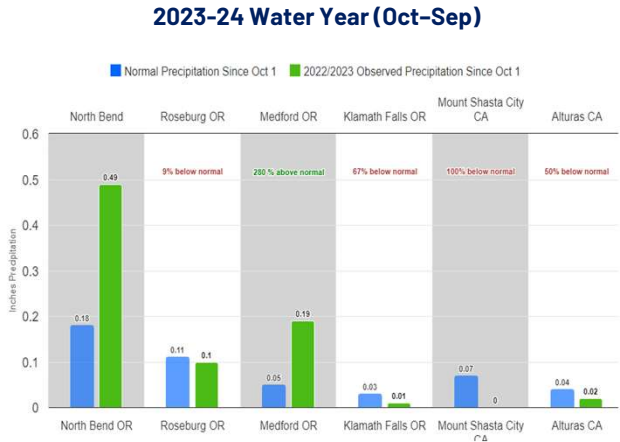
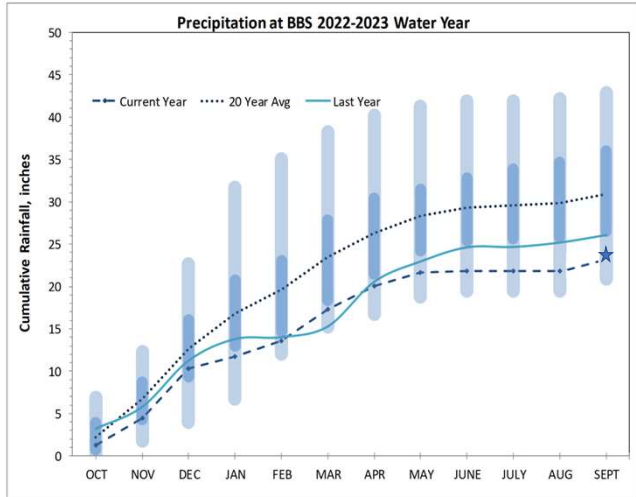
SEPT 2023



SEPT 2022

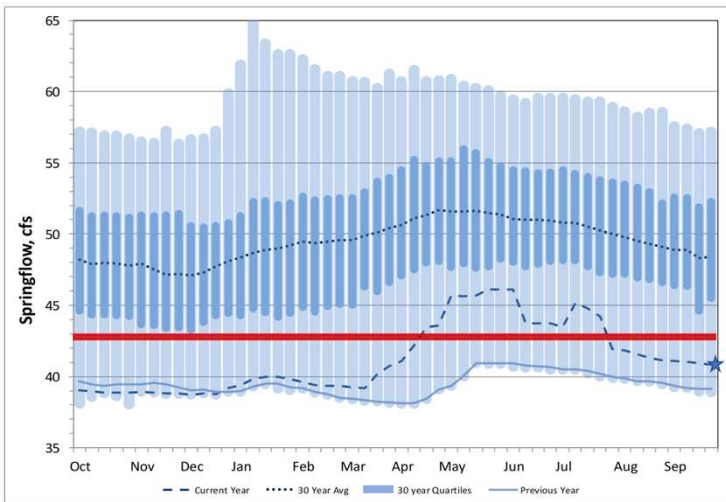


Big Butte Springs Watershed Precipitation 2022-23 Water Year (Oct-Sep)

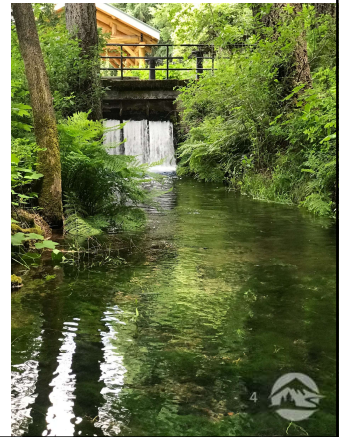


BBS Springflow Water Year 10/1/22 - 9/30/23

Starting out new water year with higher flows than previous years

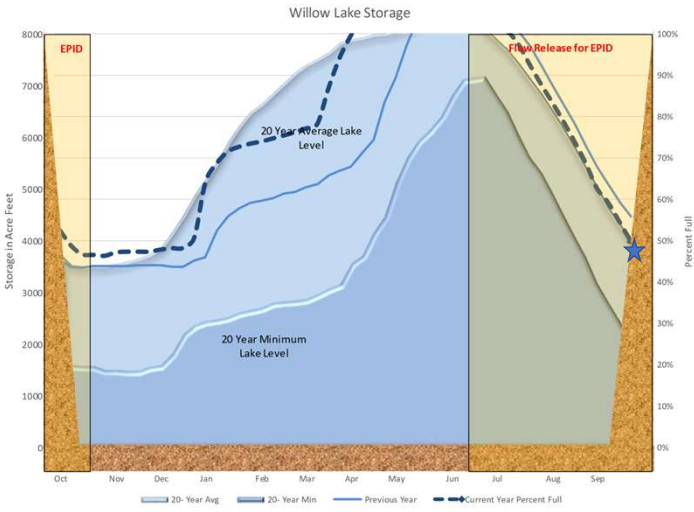


Minimum flow for 2 full pipes

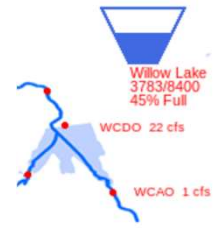


Willow Lake Storage

Full Water Year Oct-Sept.
Releases for EPID - July 1st through Oct. 12th



45% Full





Memorandum

TO: Commissioners Michael Smith, John Dailey, Jason Anderson, Bob Strosser, and David Wright
FROM: Kris Stitt, Information Technology Manager
DATE: November 1, 2023
SUBJECT: Agenda Item 6.0 – Credit Card Fees
OBJECTIVE: Board Motion

Issue

Medford Water began accepting credit and debit cards as a method of payment and has been absorbing the fees associated with processing those payments. As customers have increasingly utilized credit and debit cards as a form of payment the fees to Medford Water have also increased.

Medford Water recently switched to a new electronic payment processor, Paymentus making it a good time to evaluate how we handle credit card fees moving forward.

Discussion

In fiscal year 2022/2023 Medford Water processed approximately 142,505 credit and debit card payments from customers paying their water utility payments. This makes up about 40% of the total 350,582 transactions processed.

Medford Water utilizes interchange plus pricing from the credit card companies where we pay the actual fees assessed plus a small processing fee charged by the processing bank. This typically includes a per transaction cost plus a percentage of the transaction amount. These fees can vary depending on the type of card used to make a payment. For example, a classic Visa card would traditionally have a lower rate than a Visa rewards card.

Visa, MasterCard and Discover offer a special program to utilities which reduces or eliminates the percentage fees in exchange for a higher per item transaction cost of many different card types. Medford Water is currently taking advantage of this program. Not all cards qualify for the reduced rates, the table below shows some examples of different rates by card type.

Examples:

Visa /MC Classic card (Utility qualified)	Transaction Fee:	\$ 0.75	Percentage Rate:	0%
Visa/MC Debit card (Utility qualified)	Transaction Fee:	\$ 0.65	Percentage Rate:	0%
Visa Rewards Card (Not qualified)	Transaction Fee:	\$ 0.10	Percentage Rate:	2.5%
American Express	Transaction Fee:	\$ 0.10	Percentage Rate:	1.95%

Medford Water also has a separate account setup to process non-utility credit card transactions (Engineering Fees, System Development Fees, and other fees). Transactions processed with this account do not qualify for the discounted utility rate and generally have a higher fee than our utility payments. Medford Water processed 55 non-utility payments in Fiscal Year 2022-2023 with estimated fees in the \$2,500 – \$3,700 range.

It's difficult to determine the exact cost of each transaction because there are many different card types that customers could use. Medford Water paid approximately \$125,000 in credit card fees last fiscal year. Based on our transaction counts and estimating the higher costs of the non-utility payments we estimate that on average we are paying about \$0.85 per transaction in fees.

Options

Credit Card fees are currently absorbed by Medford Water and are spread out by rates across all of our customers. With Paymentus we do have a few additional options if we wanted to pass along some of the fees to our customers.

Flat Fee Model for Utility Payments

Paymentus has an option to charge a flat fee for our utility payment customers. This is not part of our current contract but it was originally quoted at \$1.57 per transaction. This fee would be charged to our customers whenever they make a credit or debit card payment. The fees would go to Paymentus and the full amount of the transaction would be sent to Medford Water.

The flat fee model is not available for non-utility payments.

Percentage surcharge

Paymentus also has the ability to charge a service fee based on a percentage of the transaction amount. We currently have this option with our non-utility payments as an alternative to Interchange plus. We could expand this to our utility payments as well. The rate we were quoted for non-utility payments is 2.95% of the total transaction. This would be passed along to the customer and the full amount would go to Medford Water. Paymentus would likely not be able to utilize the Utility Billing discount program causing the overall percentage rate to be higher.

Status Quo

Medford Water continues to absorb credit card fees and does not pass along additional fees to our customers.

Additional Information

Additional information will be provided during the November 1st, 2023 Board meeting.

Requested Board Action

Staff is requesting a motion from the Board on how to move forward with Credit Card fees.