

MINUTES OF THE REGULAR MEETING OF THE MEDFORD WATER COMMISSION

February 15, 2012

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, Medford City Attorney John Huttli; Deputy City Recorder Karen Spoons; Administrative Coordinator Betsy Martin; Principal Engineer Eric Johnson; Finance Administrator Tessa DeLine; Public Information Coordinator Laura Hodnett; Conservation Technician Julie Smitherman; Water Quality Superintendent Bob Noelle; Operations Superintendent Ken Johnson

Guests: Medford Councilmembers Bob Strosser, Jim Kuntz and Karen Blair; Medford Pro Tem City Manager Bill Hoke; Central Point Mayor and Liaison Hank Williams; Central Point Manager Phil Messina; Public Works Management Joe Strahl; Chris Smith of Smith West Company, Jeri Karcey of Americans for Prosperity, Brad Martinkovich of Siskiyou County Water Users Association; Deanne Gooding of Davidson Fixed Income Management; Terry McCall of Portfolio Services for Government; WISE Coordinator Steve Mason

2. Approval or Correction of the Minutes of the Regular Meeting of February 1, 2012
Approved.

3. Comments from Audience

Commissioner Anderson welcomed Medford Pro Tem City Manager Hoke.

- 3.1 Jeri Karcey, Americans for Prosperity, expressed concerned with Jackson County as now is the opportunity to see what is happening in other counties in regards to taking out of the dams and the recent lawsuit with Oregon Wild. She encouraged entities to get involved in what's going on.
- 3.2 Joe Strahl, Public Works Management, reminded the Commissioners that at their direction, the cities have taken the lead on a conservation effort pertaining to the co-sponsorship of a grant application. The first hurdle has been crossed; once the other cities have been able to weigh in on this process this will come back to the Medford Water Commission for approval.
- 3.3 Brad Martinkovich, Siskiyou County Water Users Association, expressed concern with Oregon Wild filing a federal lawsuit over water rights in the Rogue River Basin and presented handouts of that suit which asks the Courts to change diversions in the Little Butte Creek Basin and other areas. He stated that the people of the Siskiyou County Water Users Association as well as their County Commissioners are preparing their own legal actions to counter the attacks being made on their water rights and have asked him to assure the MWC that they are available to assist with the knowledge they have accumulated these past several years confronting these similar issues.
- 3.4 Steve Mason, coordinator for the WISE Project stated that they are approved for full funding on the cost benefit analysis and will know by April if that funding is finalized.

4. Authorization of Vouchers

Motion: Authorize the Manager and the Recorder to issue check-warrants in payment of invoices for a total amount of \$1,938,744.90

Moved by: Mr. Johnson

Seconded by: Mr. Dailey

Commissioner Dailey questioned the payment to Horizon Restoration; staff noted that this company was used for the recent water damage in the Boardman area due to breakage of pipes. Mr. Dailey questioned if we have insurance coverage and if so, why they would not pay; Mr. Rains explained the process for claims such as this and noted the claims will more likely be denied by the insurance company for reasons such as an act of God.

Roll Call: Commissioners Anderson, Dailey, Davis, Fortier, and Johnson voting yes; Anderson recused himself from the Knife River, Mail Tribune and C&C vouchers.

Motion carried and so ordered.

5. Engineer's Report

- 5.1 Duff Reservoir Seismic Upgrade – The reservoir has been cleaned and chlorinated and is currently being filled with water. Final site cleanup is under way.
- 5.2 Duff Floc/Sed Basins – Staff is currently working on a quality base selection RFP for the Floc/sed Basin project.
- 5.3 Conrad Control Stations Upgrades – The painting of the Conrad Control Station is underway and will continue for the next few weeks.
- 5.4 Ave G 48" Transmission Main – Moore Excavation is scheduled to start construction March 5.
- 5.5 Martin Control Station – The Basis of Design Report is being finished and will be submitted back to the MWC next week.

6. Water Quality Report

- 6.1 Intake Variable Frequency Drive Project – Staff expects to finalize the specifications and pre-design this week.
- 6.2 Staff is making progress on the electrical reliability improvements; Pacific Power is scheduled to make improvements on power poles in March.
- 6.3 Best Tasting Water Competition - The southern Oregon subsection of American Waterworks is holding the Best Tasting Water competition on March 1 in Bandon, Oregon. The winner will advance to the Pacific Northwest contest in Yakima, Washington. Commissioner Anderson questioned if this is done by city size; Water Quality Superintendent Noelle noted that anyone eligible can participate and believed there are 13 water systems in our region that could participate. Mr. Noelle also commented on the past history of the MWC's participation.

7. Finance Report

7.1 Introduction of Davidson Fixed Income Management

Finance Administrator Deline introduced consultant Terry McCall of Portfolio Services for Government, LLC who assisted with the Financial Investment Advisor RFP. He complimented the MWC for their well run organization and provided the reasoning why Davidson Fixed Income was selected by the committee. Deanne Woodring of Davidson Fixed Income Management was introduced and provided an outline of the support that she will be offering for the Commission. She noted that the investment policy needs significant changes; after review by the Commission a proposed policy will go to the Oregon Short Term Fund Board for review. She noted the challenges for risk and in obtaining a high interest rate. Commissioner Anderson questioned if she was located in Portland; Ms. Woodring noted that she is and with a team of five individuals. Mr. Anderson questioned if Commissioner Dailey had any comments to add; Mr. Dailey noted that it has been covered and in the minutes, and that the task will be to revisit and rewrite the investment policy.

8. Operations Report

- 8.1 There is a broken wire serving the anode bed in the Cedar Links area that was rebuilt about three years ago; staff believes that gophers are to blame; staff will need to make repairs.

9. Manager/Other Staff Reports

9.1 Staff Priorities Fiscal Year 2012-13

Staff's proposed priorities for the upcoming fiscal year was presented. Board goals will need to be formulated at the next meeting; the goals are published in the annual budget document. Mr. Rains presented last year's goals and requested the Commission to review; input from the Commission will be addressed at the next meeting. Commissioner Anderson noted that in the last three years this has been addressed in study sessions and if Commissioner Dailey or Fortier had significant questions we can do that again.

- 9.2 The Medford Water Commission now owns the property in White City with the vernal pools to be used for wetlands mitigation.

- 9.3 No. 1476, A RESOLUTION Amending a Certain Section of the Personnel Rules and Policies (Personnel Manual) for Employees of the Board of Water Commissioners, Effective February 15, 2012

This provides clarification to present procedures and is an addendum to the March 2009 Personnel Manual pertaining to Section 8 Use of Commission Owned Equipment. The Water Commission's equipment is to be used only for Commission purposes. Equipment is not available for personal use by employees either on a rental or non-rental basis. There is no expectation of personal privacy in the use of any of Medford Water Commission's equipment or systems. Commissioner Johnson questioned if we had an issue pertaining to this; Mr. Rains noted that we did not.

Motion: Approve Resolution No. 1476

Moved by: Mr. Dailey

Seconded by: Ms. Davis

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

Motion carried and so ordered. Resolution No. 1476 was approved.

- 9.4 A photo of our intake is on the front cover of a publication called *Water Matters*. In the magazine they are promoting nominations for engineering projects. MWC was nominated and received an award last year, hence the reason why our intake is on the cover.

- 9.5 Blue Van Replacement – Because of the economy the MWC has not purchased any new vehicle for years, however the blue van needs to be replaced due to its poor condition. A Ford Transit panel van, built in Greece, is being considered at a price of approximately \$22,500. It's a gas vehicle but it is economical, and gives a green feel. Although this has not been budgeted, Mr. Rains brought this to the board for their consideration. Commissioner Dailey questioned what the specific economical features were; Mr. Rains noted that there is nothing extra to it but just that it is more economical than most vans. Mr. Rains noted that we can get this on the State contract; it is \$400 over what we would pay in Portland although we would not have to go north to get it. Attorney Huttel noted that it is within Mr. Rains' expense authority. Mr. Rains explained that although it is in his authority, he would not buy a vehicle that was not in the budget without the board's approval. The board agreed to the purchase.

- 9.6 City of Phoenix Agreement – Presented were the changes requested by the City of Phoenix pertaining to their agreement with the Medford Water Commission. Commissioner Anderson questioned if Attorney Huttel had looked at this; Mr. Huttel stated that he had, document based on the agreements between Central Point and Eagle Point, didn't see any need for the changes, legally we could make the changes but from staffs point of view is that it would be nice to have the same. Mr. Anderson agreed and would like them to read the same. Mr. Rains noted that currently the two agreements recently signed are not the same either although the intent is the same. He further stated that he has sat down with Mr. Huttel and that it is something that needs to be done. Commissioner Anderson thought that we had already started that process. Mr. Dailey questioned how Eagle Point and Central Point's agreements are different; Mr. Rains noted that format and wording are different and gave examples, such as vendor vs. customer. Mr. Anderson questioned if these were five year agreements; Mr. Rains noted that they are. Mr. Anderson noted that MWC agreements with it's City customers should all be the same. Commissioner Johnson questioned if the cities are that different as they have to have different documents. Mr. Rains noted that there is, at times, language pertinent to that city only. Mr. Anderson stated that specific items to a city could be done in an appendix. Mr. Anderson thought that the direction was given before to have one agreement but requested this be addressed before the next round of five year agreements, in 2016, are done. Mr. Rains noted that there are two remaining cities (Talent and Jacksonville) due for renewal at the end of this year and would be handled the same way as the last three. Mr. Johnson requested Mr. Huttel draft for all cities over the next five year period what Mr. Anderson is suggesting which would give us time to work with the cities before the agreements are due. Mr. Rains would like to get them all due at the same time. Mr. Johnson noted that the only city that might be added at a future time would be Ashland. The board agreed.

10. Propositions and Remarks from the Commissioners

- 10.1 Conservation Recommendations – The board came back to the issue that was presented at the study session on conservation. Commissioner Anderson requested discussion on direction needed from the board on the study session topic items; those items were to expand to include multi-family, hotels, motels, commercial and industrial in the toilet rebate program; lower the rebate amount by 10%, continue to require

an inspection, continue to require old toilets by recycled at the transfer station to receive full rebate, and allow no more than two rebates per dwelling unit.

Commissioner Dailey questioned if there was a limit in motels and hotels; staff noted no more than 30 at a time and that Rogue Regency is interested. He questioned why motels and hotels can do 30 but a homeowner can only do two. Mr. Rains questioned if there would be an additional budget cost requirement for large commercial accounts; Ms. Hodnett noted that it would be over \$30,000 and did not define an amount. Mr. Anderson questioned the difference between a water efficient toilet and a standard toilet and why a person would not choose the more efficient toilet; staff noted that they are about the same price but they are above the minimum code requirement. Mr. Dailey questioned if the Commission should put a cap on this; Mr. Rains noted that the board could give general approval and when the budget is presented the issue could be discussed further. Mr. Anderson suggested that some of these are no brainers, perhaps allowing three toilets per household and that the big water savings is in the commercial rebates. The board agreed in concept to the staff's suggested changes.

- 10.2 Oregon Wild Lawsuit – Commissioner Anderson stated that he saw the article in the paper but that was the extent of his knowledge of this issue and questioned if we have a fight in this. Commissioner Johnson stated that between the U.S. Bureau of Reclamation (BOR) and the National Marine Fisheries Service (NIMS) they are as close as they have ever been to issuing an official biological opinion (buy-op). There was a draft buy-op that probably got circulated when it should not have; that is being corrected. There is a lot of new science in the new buy-op. He thought we need to be patient to see what the BOR and NMFS is going to do on issuing that final buy-op. There has never been conversation about Little Butte Creek as it has always been focused on the three irrigation districts, Bear Creek and other tributaries. Chris Smith of Smith West stated that Little Butte Creek is part of the process. Mr. Johnson is concerned that we have a lot to do from the springs down and wanted to know how that would impact us. Mr. Smith clarified that the BOR is close to issuing a biological assessment which they have been working on for about a year with the irrigation districts to develop science and criteria in which they are going to offer in the assessment to NIMS. The prior opinion did not have the best available science and they have admitted that; he stated that the BOR has good standing as well. Mr. Anderson questioned what direction we have for staff. Mr. Dailey would like more information and stated he is not sure where that would come from; Mr. Huttel noted that a lot of this involves litigation and could discuss in an Executive Session. He further stated that he does not have experience in this type of litigation and would seek direction for other counsel. Mr. Anderson noted that that would entail more fees with our water rights counsel; Mr. Huttel noted that he could review the material and advise the board, which would limit the use of outside counsel. Mr. Rains agreed and stated that Geologist Jones is our in-house expert. He further stated that Jim Pendleton of the Talent Irrigation District was previously here and that he had Steve Wise in attendance for additional questions, if need be. Mr. Johnson noted that there are enough people to talk to that are involved in this and didn't think we needed an Executive Session at the present time. The board agreed.

11. Adjourn

There being no further business, this Commission meeting adjourned at 1:30 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. Spoons, MMC
Deputy City Recorder
Clerk of the Commission