

**MINUTES OF THE REGULAR MEETING OF THE MEDFORD WATER COMMISSION
MAY 5, 2010**

The regular meeting of the Medford Water Commission was called to order at 12:34 p.m. on the above date at Medford City Hall Lausmann Annex, Room 151/157.

The following commissioners and staff were present:

Chair Leigh Johnson; Commissioners Jason Anderson, Cathie Davis, Don Skundrick

Manager Larry Rains; Deputy City Recorder Karen Spoons; Administrative Coordinator Betsy Martin; Engineer Eric Johnson; Finance Administrator Tess DeLine; Public Information Coordinator Laura Hodnett; Water Quality Superintendent Bob Noelle; Operations Superintendent Ken Johnson; Geologist Bob Jones

Guests: City of Medford Attorney John Huttli; Central Point Councilmember Kay Harrison; Eagle Point Mayor Leon Sherman

Commissioner Tom Hall was absent.

2. Approval or Correction of the Minutes of the Last Regular Meeting of April 21, 2010
Approved.
3. Comments from Audience
 - 3.1 Phoenix Councilmember Stitt commented on the oil spill in the Louisiana area.
 - 3.2 Eagle Point Mayor Sherman noted that they are working on a four million gallon water reservoir.
 - 3.3 City Attorney Huttli stated that there will be a Bear Creek Watershed Education Partners annual symposium on May 14 at Kids Unlimited.
 - 3.4 City Attorney Huttli noted that he will be representing the City of Medford at the Oregon Supreme Court pertaining to the Wal-Mart case on May 18 to be held at North Medford High Auditorium. The public can attend.
4. Written Communications
 - 4.1 Quarterly Letter to Mayor and Council
The quarterly letter and financial reports for the second and third quarters of Fiscal Year 2010-11 were presented; the Board members agreed to the content, the Chair will sign and staff will forward the letter and relevant attachments to the Mayor and councilmembers.
5. Resolutions
 - 5.1 No. 1403, A RESOLUTION Awarding the Bid for Polyaluminum Chloride (PACL) Coagulant Water Treatment Chemical and Authorizing Procurement

Staff received two bids for PACL; both of the exempted manufacturers submitted bids and Kemira submitted the low, responsive bid. Staff recommended approval.

Motion: Approve Resolution No. 1403

Moved by: Mr. Skundrick

Seconded by: Ms. Davis

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

Motion carried and so ordered. Resolution No. 1403 was approved.

6. Authorization of Vouchers

Motion: Authorize the Manager and the Recorder to issue check-warrants in payment of invoices for a total amount of \$479,168.84.

Moved by: Ms. Davis

Seconded by: Mr. Anderson

The Board questioned the payments to Oregon Water Resource Department for dam inspection, Quality Fence, and United Rental.

Roll Call: Commissioners Davis and Johnson voted yes; Anderson recused himself from the C&C Tires, Knife River and Mail Tribune vouchers; Skundrick recused himself from the Knife River voucher. Motion carried and so ordered. The Knife River voucher will be continued to the May 19, 2010 meeting for a confirmed quorum approval by Commissioner Hall.

7. Engineer's Report

- 7.1 Duff Water Treatment Plant Fish Screens – The Screen Cleaning Building has successfully completed the air burst testing. Triad is scheduled to start demolition of the existing traveling screen in the upstream tower next week. Staff, Triad and Black & Veatch continues to coordinate on water work concerns. The demo will happen during the month of May. Commissioner Skundrick questioned if we were behind; staff noted we are on schedule.
- 7.2 Duff Water Treatment Plant Operation Remodel – KSW is currently incorporating staff comments and working towards the 90% design plan. Submittal to MWC for review is scheduled for late May.
- 7.3 Jackson County Project Ross Lane – The 12" water main is being installed from Highway 238 southerly in North Ross Lane.
- 7.4 Control Station Upgrades – Staff has received the 50% design plans from CH2M HILL and is currently reviewing them.
- 7.5 Ave G 48" Transmission Main – Thornton Engineering is proceeding with the pre-design which is due late May.
- 7.6 Coker Butte and Owens – The City is awarding the contract to Knife River. MWC's portion of the contract is approximately \$300,000.00.
- 7.7 Big Butte Springs #1 Transmission Main – During the mowing operation it was discovered that a portion of BBS #1 has become exposed due to erosion. A geotechnical engineer was consulted to propose a solution to rebury the main. The proposal is forthcoming. Commissioner Skundrick thought it would be interesting to know what the proposal will say due to the steep grade.

8. Water Quality Report

- 8.1 There is very little surplus spring water but the plant is ready to go and fully commissioned. The MWC may have production requirements before the end of the week.
- 8.2 High Service Pump #3 replacement project is progressing behind the scene; Triad Mechanical may perform some preparatory work as time from the intake project permits. If opportunity arises during the operating season the pump will go in.
- 8.3 The Willow Lake harmful algae bloom advisory is still in effect and in the news; Jackson County will sample for algae again when the bloom subsides. A future response plan for the Rogue River is being prepared by staff. Staff will be attending a harmful algae bloom workshop on May 24-25.
- 8.4 Commissioner Skundrick had previously inquired about Klamath Basin Restoration agreement (KBRA) and charges by Pacific Power. Superintendent Noelle estimated the impact to the 2010-11 water treatment power budget is \$6,862.00; adjustments have been made to the upcoming budget to include this.
- 8.5 The Pacific Northwest American Water Works Association annual conference will be next week; with Water for People fundraiser; contact Superintendent Noelle or Administrative Coordinator Martin for information.

- 8.6 Superintendent Noelle will be a speaker at an upcoming algae workshop sponsored by the Pacific Northwest Research Committee on June 4 in Salem.

9. Finance Report

- 9.1 Banking Services – Staff will be meeting with Umpqua Bank pertaining to transition. Other services that they offer may be considered as well.
- 9.2 General Liability Insurance – Staff is currently reviewing asset listing and should be completed by the end of next week.

10. Operations Report

- 10.1 Hillcrest Pump Station – Has been excavated; retaining wall should be complete by the end of this week.
- 10.2 Big Butte Springs Driveway – Preconstruction meeting to be held next Monday.
- 10.3 Cherry Lane Reservoir – Working on the landscaping; planting to follow.
- 10.4 Service Center - Andy Huffman is working on the awning; installation to follow.
- 10.5 Rancheria Generator – To be installed next week.
- 10.6 Paving – Staff is currently out for quotes for routine everyday paving and saw-cutting of concrete which will be a two-year agreement.

11. Manager/Other Staff Reports

- 11.1 Timber Sale
No bids were received for the timber sale; the proposed minimum bid was \$75,000. Staff recommended and the Board agreed to hold off on the timber sale.
- 11.2 Discussion of Water Quality Grants
Staff presented information on water quality grants and requested board member participation on an evaluation committee consisting of Geologist Jones, Water Quality Superintendent Noelle and one board member. Staff noted that this committee would meet about once or twice a year. Commissioner Skundrick agreed to serve on the evaluation committee.
- 11.3 Consider Options Regarding Revisions to “Regulations Governing Water Service,” Exhibit A: Charges in Lieu of Assessment

The per-foot assessments are revised on an annual basis using the December Engineering News Record, “Construction Cost Index.” Staff is requesting approval to change the current rate of \$19.91 to \$20.12 per foot, based on the before-mentioned index. The schedule for these charges is incorporated into the Commission’s “Regulations Governing Water Service.” Staff recommended the Board make a motion to direct the Manager to bring back a resolution approving the modified charge at a public hearing on May 19 for final adoption; revised CLAs would be effective July 1, 2010.

Motion: Direct the Manager to bring back a resolution approving the modified charge at a public hearing on May 19 for final adoption.

Moved by: Mr. Skundrick

Seconded by: Ms. Davis

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

Motion carried and so ordered.

11.4 Consider Options Regarding Revisions to "Regulations Governing Water Service," Exhibit D: Special Charges for Services

Staff has calculated the current cost of providing various services to our customers and is proposing an increase to Item No. 18, and deletion of Item No. 9. Staff is requesting Board approval for these changes to the list. The schedule for these fees is incorporated into the Commission's "Regulations Governing Water Service." Staff recommended the Board make a motion to direct the Manager to bring back a resolution approving the modified list at a public hearing on May 19 for final adoption; revised Special Charges would become effective July 1, 2010.

Motion: Direct the Manager to bring back a resolution approving the modified list at a public hearing on May 19 for final adoption; revised Special Charges would become effective July 1, 2010.

Moved by: Mr. Anderson

Seconded by: Mr. Skundrick

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

Motion carried and so ordered.

11.5 Consider Options Regarding Revisions to System Development Charges for Water Treatment and Transmission Facilities

The system-wide SDC (also called Meter SDC) calculations was presented at this meeting's study session; the study will also be presented at the annual Cities & Districts Meeting, scheduled on Wednesday, May 26, 2010, in the Lausmann Annex conference room at 1:30 p.m. The most recent modifications of Meter SDCs were enacted January 1, 2010. Currently staff is recommending no increased in the Meter SDC for Fiscal Year 2010-11.

Motion: No increase in the Meter SDC for Fiscal Year 2010-11.

Moved by: Mr. Skundrick

Seconded by: Ms. Davis

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

Motion carried and so ordered.

11.6 Consider Options Regarding Revisions to System Development Charges for the East Side and Southwest High Level Areas

Staff has completed calculations for analysis of the SDCs for the East Side and Southwest High Level areas, which were reviewed during the study session. The last modifications to these SDCs were enacted September 3, 2009. Currently staff is recommending no SDC increase in the East Side/Southwest High Level Areas for Fiscal Year 2010-11.

Motion #1: No SDC increase in the East Side/Southwest High Level areas for Fiscal Year 2010-11.

Moved by: Mr. Skundrick

Seconded by: Ms. Davis

Commissioner Skundrick would like to reduce the SDCs for the East Side High Level area by \$137.87 and for the Southwest High Level area to remain the same due to the figures shown at today's study session. He believed that reducing fees when costs go down would show public trust. Commissioner Anderson questioned how one side went up vs. the other did not; staff noted it had to do with future projects and interest rates.

Motion #2: Amend motion #1 to reduce the SDCs for the East Side High Level area by \$137.87; the SDCs for the Southwest High Level area to remain the same. Direct the Manager to bring back a resolution approving the decrease at a public hearing on August 18 for final adoption; revised SDCs would become effective September 1, 2010.

Moved by: Mr. Anderson Seconded by: Mr. Skundrick
The Board discussed the East Side vs. the Southwest side rates.

Roll Call Motion #2: Commissioners Anderson, Davis, Johnson and Skundrick voting yes.
Motion carried and so ordered.

Roll Call Amended Motion #1: Commissioners Anderson, Davis, Johnson and Skundrick voting yes.
Motion carried and so ordered.

11.7 Water Usage Complaint

Staff presented the history of a customer who has used a lot of water since 2000 and continues to do so even after receiving three certified letters from the MWC pertaining to high water usage. The MWC has now received a complaint from their neighbor who is receiving damage from their overuse of water. City Attorney Huttl noted that we have rules in place pertaining to water usage, questioned if there was a process in place, and did not want the MWC to be responsible for resolving disputes between neighbors. Staff noted that there is a process which involves turning off the water after notification and described the reasoning, such as unwise use. Commissioner Anderson questioned the content of the letter. City Attorney Huttl explained the procedure that the City does pertaining to nuisance abatements and an appeal process. No appeal is listed in the MWC code but staff could add that to the process. The Board requested staff to work on a letter with Mr. Huttl giving them 30 days to resolve the issue; the Board to review before sending.

11.8 Upcoming Study Session

The June 2 study session on the topic Water Rights Update will start earlier at 11:00 a.m., lunch at noon; the Board Meeting will start at the normal time of 12:30 p.m.

11.9 This week is National Drinking Water Week.

12. Propositions and Remarks from the Commissioners

12.1 Commissioner Skundrick questioned how Bend Mailing Service is doing; staff is pleased with the results.

12.2 Commissioner Anderson questioned the progress of bill share with the City of Medford; Manager Rains has not heard anything.

12.3 Commissioner Johnson would like a letter sent to Senator Wyden and Senator Merkley pertaining to the transfer of water availability from the non-existent Elk Creek Lake to Lost Creek Lake.

12.4 Commissioner Johnson questioned the beaver problem; staff noted that we have not heard from the rancher on what they want done. Dennis Burg did attend a conference pertaining to mitigation of beavers.

13. Adjourn

There being no further business, this Commission meeting adjourned at 1:34 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.