

**MINUTES OF THE REGULAR MEETING OF THE MEDFORD WATER COMMISSION**  
**June 4, 2014**

The regular meeting of the Medford Water Commission was called to order at 12:29 p.m. on the above date at the Lausmann Annex, 200 S. Ivy Street, Room 151/157, Medford, Oregon.

The pledge of allegiance was given.

The following commissioners and staff were present:

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

Manager Larry Rains; 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; Geologist Bob Jones; Operations Superintendent Ken Johnson; Duff/Water Treatment Plant Supervisor Jim Stockton; TS Coordinator Kris Stitt; BBS Operator Dennis Burg

Guests: City of Medford Councilmember Bob Strosser; Ashland Associate Engineer Pieter Smeenk; Central Point Mayor & Liaison Hank Williams; Central Point City Manager Chris Clayton; Phoenix Mayor & Liaison Jeff Bellah; Joe Strahl of RH2 Engineering; City of Phoenix City Manager Steve Dahl

Commissioner Lee Fortier was absent.

3. Approval or Correction of the Minutes of the Last Regular Meeting of May 21, 2014  
The minutes were approved as presented.

4. Comments from Audience  
None

5. Resolutions

- 5.1 Resolution No. 1548, A RESOLUTION Adopting the Budget for the City of Medford Board of Water Commissioners for Fiscal Year 2014-15, Commencing July 1, 2014, and Making Appropriations Thereunder

The proposed budget for Fiscal Year 2014-15 was presented at study sessions on April 16 and May 7, 2014. Notice of the hearing was posted at City Hall and the Commission's Annex office and published on the website starting May 22. Notices were also published in the May 28 and June 1 editions of the Mail Tribune. The notice includes all of the fund budgets. Printed copies of the proposed budget were delivered to the Commissioners on May 2 and mailed by request to interested parties. Staff recommended approval.

Public hearing opened.

Mayor Hank Williams was appreciative that he received a copy of the budget and presented his concerns.

Pertaining to Mr. William's concerns, Finance Administration DeLine explained that next year the budget will not be so confusing to read as we are still in the process of the software conversion. The goal next year is to simplify the budget. Pertaining to the benefit package/labor rates, some employees have charge-out rates (for projects) and therefore, in a separate section. The goal is to have everyone on a charge-out rate.

Pertaining to the number of customers, Mr. Rains noted this has to do with rates.

Ms. DeLine stated that the goal is to make the budget much more user friendly.

Public hearing closed.

Motion: Approve Resolution No. 1548

Moved by: Mr. Dailey

Seconded by: Mr. Johnson

Commissioner Dailey commented that his concerns were addressed at the study session; Commissioner Anderson stated that he would look forward to the look of next year's budget. Mr. Dailey remarked that he would like to see the budget on the website.

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

Motion carried and so ordered. Resolution No. 1548 was approved.

5.2 Resolution No. 1549, A RESOLUTION Modifying the Charges for Special Services, Exhibit D of the Regulations Governing Water Service, Effective July 1, 2014

At the May 21, 2014 meeting, staff presented a study session on proposed changes to the Charges for Special Services. The modifications are increases or decreases based on costs of materials, travel, labor and whether contractors or utility staff members do the work. These charges are published as an exhibit to the Commission's Regulations Governing Water Service. Notice of the public hearing was posted, and published in the Mail Tribune and on the website. The modified charges would be effective July 1, 2014. Staff recommended approval.

Public hearing opened.

No one spoke.

Public hearing closed.

Motion: Approve Resolution No. 1549

Moved by: Mr. Dailey

Seconded by: Ms. Davis

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

Motion carried and so ordered. Resolution No. 1549 was approved.

5.3 Resolution No. 1550, A RESOLUTION Modifying the Charges in Lieu of Assessment, Exhibit A of the Regulations Governing Water Service, for Properties Directly Benefited by the Installation of Water Mains but Not Specifically Assessed for Such Benefit, Effective July 1, 2014

At the May 21 study session, staff also presented proposed changes to the charges in lieu of assessment. The per-lineal-foot assessments are revised on an annual basis on July 1, using the Engineering News Record's Construction Cost Index from the prior December. Staff is asking for approval to change the current rate of \$21.91 to \$22.51 per lineal foot. These charges are published as an exhibit to the Commission's Regulations Governing Water Service. Notice of the public hearing was posted and published in the Mail Tribune and on the website. The modified charges would be effective July 1, 2014. Staff recommended approval.

Public hearing opened.

No one spoke.

Public hearing closed.

Motion: Approve Resolution No. 1550

Moved by: Mr. Dailey

Seconded by: Ms. Davis

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

Motion carried and so ordered. Resolution No. 1550 was approved.

## 6. Resolutions

- 6.1 No. 1551, A RESOLUTION Awarding to, and Authorizing the Manager to Execute a Contract in the Amount of \$616,500 with Pacific Electrical Contractors, Inc., for Replacement and Relocation of Intake Raw Water Pumps 1 and 2 at the Robert A. Duff Water Treatment Plant

Three bids were received for this project; Pacific Electrical Contractors was the low, responsible bidder. Notice of Intent to Award was issued on May 21, 2014, and no protests were received. Staff recommended approval.

Motion: Approve Resolution No. 1551

Moved by: Mr. Dailey

Seconded by: Mr. Johnson

Commissioner Johnson questioned who else bid and what the bids were; Manager Rains stated that the bid tab was presented at the last meeting but provided the bid tab again. Mr. Dailey questioned when this would be done; Principal Engineer Johnson noted that we would probably not receive the pump until late summer so we will probably start this at the end of the pumping season.

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

Motion carried and so ordered. Resolution No. 1551 was approved.

## 7. Authorization of Vouchers

Motion: Authorize the Manager and the Recorder to issue check-warrants in payment of invoices for a total amount of \$716,655.04

Moved by: Mr. Johnson

Seconded by: Mr. Dailey

Roll Call: Commissioners Anderson, Dailey, Davis, and Johnson voting yes; Anderson abstained from C&C Tires voucher. Motion carried and so ordered.

## 8. Engineer's Report (E. Johnson)

- 8.1 Duff Water Treatment Plant Floc/Sed Basins – Black & Veatch continue to work towards the completion of the 90% plans and specification. Staff and Black & Veatch continue to work on design details and hold monthly meetings. Plans are due June 19.
- 8.2 Duff Water Treatment Plant Raw Water Intake Pumps 1 & 2 – The contract was awarded today. Once contracts, bonds and insurance forms are received from Pacific Electrical Contractors, a preconstruction meeting will be held.
- 8.3 Angelcrest Pump Station – PP&L upgraded the transformer yesterday. Triangle Pump & Equipment did ship the pump, however it was shipped to Arizona. The pump has been rerouted and should be here late next week.
- 8.4 Highway 62 Bypass – Staff continues to review project material submittals. The traffic control plan is being reviewed by ODOT. Once approval is provided by ODOT the construction of the water main will start.
- 8.5 Vilas Road 16" Water Main Inter-tie – Marquess and Associates continues to design the 16" water main.

Mr. Dailey questioned when the Floc/Sed Basins construction will start; Principal Engineer Johnson stated that it would start early next year and probably break ground around March. He noted that some work can be done when the plant is operational and explained the sequence of the project. Mr. Dailey questioned if we could have a study session on this; Mr. Anderson thought that a Floc/Sed Basins study session at Duff would be appropriate. Mr. Rains stated that we could do that.

9. Water Treatment Report (Stockton)

9.1 Main Motor – The main motor had a new bearing put in; staff continued the evaluation to the drive itself. The drive on the main motor did send out damaging pulses at inappropriate times and because of that, will be replaced as it is no longer serviceable. The new drive and installation will be here in a few weeks. Mr. Anderson questioned the cost; Water Treatment Plant Supervisor Stockton noted that it came in at approximately \$50,000.

9.2 Production is 33% above the five-year average for the month of May. It appears that it will be a busy season as we are producing 19-hours a day and should be at 24-hours a day shortly.

Mr. Dailey thought that our numbers are high considering we are in a drought; Mr. Stockton noted that people are watering more in the evening as the weather is warmer, and therefore the sprinklers are going on sooner. Mr. Dailey questioned if we will track this for the season; Mr. Rains noted that we do. Public Information Coordinator Hodnett noted that there was a downturn of water usage during the recession and that we have had wetter Mays before. Commissioner Johnson noted that we can get another look at it for June usage and see if we follow that trend. Ms. Hodnett noted that overall our peak usage is down and remarked that the highest water usage was 2005.

10. Finance Report (DeLine)

10.1 Financial statements have been completed and will be emailed to the board this afternoon. Staff is working on April statements as well as preparing for fiscal year end.

10.2 A consultant will be on site the last week of June to wrap up loose ends with the software; there are small fixes and reports that need to be corrected as well as assistance to close out the year end.

10.3 Finance Administrator DeLine noted that they are preparing an RFP for banking services and would like to start on this in July or August.

10.4 Mr. Rains stated that he sent the weekly economic report to Mr. Dailey and questioned if he would like to continue receiving this; Mr. Dailey noted that he would.

11. Operations Report (K. Johnson)

11.1 The fire hydrant painting contract is nearing completion; approximately 800 have been painted to date.

11.2 Staff has solicited quotes for paving and will go out to contract again.

11.3 The rectifier anode bed on the BBS transmission line has been successful.

12. Manager/Other Staff Reports

Out of sequence

12.3 Anode Bed

Mr. Rains stated that Operations Superintendent Johnson has been talking with an owner pertaining to the placement of an anode bed and it appears that the selected location could cover all of the remaining four miles. We are in the process of obtaining an easement from the owner of the property in the amount of \$5,500.

12.4 High Usage Water Customer

As in past years, there has been a repeat offender who is using too much water. Staff has tried everything they could do to encourage using less water; Mr. Rains noted that this offender is on the watch list which the Board receives. Staff is watching this account and when it reaches the point when they can use no more than agreed up, and if needed, the MWC will turn off their water for the balance of that month. Mr. Johnson questioned if they are paying the bill; Mr. Rains noted they are and are paying the surcharge. City Attorney Huttli explained the process is a ration on a monthly basis to encourage compliance. Mr. Huttli noted that we do have an agreement signed with these customers that we can cut their water off. Mr. Johnson questioned if it was domestic use; staff noted that it was.

12.1 Staff Report on the Utility Management Software Upgrade Project

TS Coordinator Still reported on the software project. The billing software has a few loose ends to tie up. The finance side is going well and has managed to get through many hurdles. This should be the last time any vendors would be on site. The primary focus has been on billing and software; asset management will be the next process to be utilized. A presentation will be given to the Board next month. Mr. Rains stated that he has been watching the cost of the project; this was a 1.8 million dollar project; and change order have amounted to 7.8%. He stated that financially we have keep things in line.

12.5 Tours

There will be two bus tours (June 27 and September 9) this year and is open to City staff and other cities. This will not include lunch. Ms. Hodnett noted that she will try to send out a notice.

12.2 Manager's Report on Letter from City of Phoenix Regard the TAP Meter

Mayor Jeff Bellah submitted a letter to the Board of Water Commissioners on May 21, 2014, which proposed an approach to account reconciliation for the TAP meter. Mr. Rains provided both the MWC and Mr. Bellah's opinions. Staff believes that the meter went bad after 2009. The first option would be from 2002-2013 and with a 13-1/2% rate that the meter was reading off the amount due would be between \$250,000-300,000. Mr. Dailey questioned if that included the engineering cost; Mr. Rains noted that would be up to the board pertaining to those costs but noted that the company is changing out meters in question. The second option would be to have staff look into the problem by reviewing past pump reports to actually see when the meter went bad. The third option would be to have a third part review this which would cost about \$5,000. Mr. Huttli noted that we should be talking to our meter company.

Mr. Johnson noted that we all want to be fair; before we make any final offer or decision he suggested we have that discussion in an executive session. Mr. Dailey questioned if we needed a third party. Mr. Anderson thought we could review it as we would need to gather the information for a third party. Mr. Dailey thought we should put our comments in writing as well. Mr. Anderson noted the second thought would be pertaining to damage. Mr. Huttli noted that it appears that Talent could face the same problem. Mr. Rains noted there is an issue which we have to decide and that is that the entity we serve is to TAP, not to the City of Phoenix. Talent pays the bill for the entity of TAP. Mr. Anderson stated that we will look this over as option 2; Mr. Rains questioned who the contact person will be for the TAP; Mr. Bellah requested the MWC contact the Phoenix City Manager.

Back in sequence

13. Propositions and Remarks from the Commissioners  
None

14. Adjourn

There being no further business, this Commission meeting adjourned at 1:22 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. Spoons, MMC  
Deputy City Recorder/Clerk of the Commission