

MINUTES OF THE REGULAR MEETING OF THE MEDFORD WATER COMMISSION

September 1, 2010

The regular meeting of the Medford Water Commission was called to order at 12:50 p.m. on the above date at Medford City Hall Service Center, 821 N. Columbus.

The following commissioners and staff were present:

Chair Leigh Johnson; Commissioners Cathie Davis, Tom Hall; Don Skundrick (*left as noted)

Commissioner Jason Anderson was absent.

Manager Larry Rains; City Recorder Glenda Wilson; Administrative Coordinator Betsy Martin; Principal Engineer Eric Johnson; Finance Administrator Tessa DeLine; Public Information Coordinator Laura Hodnett; Water Quality Supervisor Bob Noelle; Operations Superintendent Ken Johnson; Technology Services Coordinator Kris Stitt; Big Butte Springs Operator Dennis Burg

Guests: Medford Councilmember Jim Kuntz; Medford Deputy Fire Chief Kurt Bennett; Central Point Councilmember Kay Harrison

2. Approval or Correction of the Minutes of the Regular Meeting of August 18, 2010
Approved.

3. Comments from Audience

3.1 Central Point Councilmember Kay Harrison commented on the importance of the study session topic on the Water Conservation Committee and hopes that this process will continue.

4. Resolutions

4.1 No. 1419, A RESOLUTION Authorizing the manager to Execute a Purchase/Sale Agreement in the amount of \$628,740.74 as Park of a 1031 Exchange to Acquire All Rights, Title to, and Interest in the Victor P. Olson Property Located Next to Existing Medford Water Commission Facilities on the Rogue River

As discussed in prior executive sessions, and directed by the Board in Resolution No. 1393, staff has negotiated a property purchase from Vic Olson. This property relates to future expansion of the Robert A. Duff Water Treatment Plant and more specifically to the expansion of the intake site for piping and other facilities on the Rogue River. Staff recommended approval.

Motion: Approve Resolution No. 1419

Moved by: Mr. Skundrick

Seconded by: Ms. Davis

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

Motion carried and so ordered. Resolution No. 1419 was approved.

5. Authorization of Vouchers

5.1 Continued Vouchers from the August 18, 2010 Board Meeting

The payment to Knife River for \$3094.35 was approved by Commissioner Leigh Johnson, who was absent from the August 18, 2010 meeting.

5.2 Consideration of Vouchers for September 1, 2010 Board Meeting

Motion: Authorize the Manager and the Recorder to issue check-warrants in payment of invoices for a total amount of \$1,145,253.04.

Moved by: Mr. Hall

Seconded by: Ms. Davis

Mr. Johnson questioned the Oregon Armored Service and the Water Research Foundation payments.

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

Motion carried and so ordered.

6. Engineer's Report

6.1 Duff Water Treatment Plant:

Fish Screen: All in water work is complete. The work on the tower deck is under way. Site work has begun.

Duff Operation Remodel: A pre-bid meeting was held Tuesday the 24th. Five general contractors attended. The pre-qualification forms for the general contractors are being reviewed.

6.2 Jackson County Projects:

Ross Lane: Minor items are being adjusted; the water portion for this project is basically complete.

6.3 Control Stations Upgrades: Staff met with CH2MHill to review the 90% design plans and specifications. CH2MHill will incorporate the comments and proceed to the 100% completion of the plans and specifications.

6.4 Ave G 48" Transmission Main: Thornton Engineering is proceeding with the design of the 48" water main. 50% design plans are due the first week of October.

6.5 11th Street 36" Water transmission Main: The 11th Street Improvement with Jackson County is being advertised. The bid opening is scheduled for September 8th. Currently there are thirteen general contractors on the bidders list.

6.6 Coker Butte and Owen: The Owens Drive and Coker Butte water mains are being chlorinated and tested.

6.7 Big Butte Springs #1 Transmission Main: Due to fire season the repair work will be done in late September.

7. Water Quality Report

Bob Noelle, Water Quality Superintendent distributed the production charts for the Rogue source. He noted that Triad Mechanical has been notified that Pump 3 is ready for demolition and installation of the new pump is anticipated to be completed by the end of the summer season. Mr. Noelle reported that the advisory for Willow Lake has been lifted but that water quality issues are still an issue and staff has initiated monitoring below the dam and results will be shared with Jackson County and the Department of Environmental Quality. The Duff wetlands project is still waiting for the appraisal but a report from staff should be coming out soon. Regarding the Wise project the Bureau of Land Reclamation has done a review of the engineering report and provided input. Mr. Noelle also reported on the Lost Creek Allocation subcommittee meeting and the decision of the group was to request more data from the Corp of Engineers regarding carryover water volumes. The Fish and Wildlife Department is particularly concerned regarding the opening up of the allocation process.

8. Finance Report

8.1 Credit/Debit Card Payment Options

At the July 21 meeting, the board requested a discussion on the possibility of offering credit/debit card

payment options. Tessa DeLine provided an overview of the memo distributed to the board members regarding their research. She noted additional information provided by Kris and then requesting board direction. Kris provided further detail regarding the recommendation by staff. He noted the current commission billing system does not allow for easy breakdown between City and commission bills once the bill is late. Mr. Rains noted there are two questions for the board to address: 1) does the board want to pursue credit card services and 2) does board want to split fees and by what percentage with City.

Board members discussed the options and expense of implementing this service. Ms. DeLine noted that it is likely that the costs for shutoffs after hours could be reduced as individuals may be able to give a credit card payment to avoid this issue. She also noted that staff is working to get confirmation that the charges would be a same day posting as required by the Treasury Department. Board members requested staff confirm the posting issue and meet with the City to resolve the percentage of the fees to be shared.

- 8.2 Finance Administrator Tessa DeLine addressed the board regarding the June 30, 2010 financial reports. The Medford Water Commission ended the 2009-2010 fiscal year with Operating Revenues under budget by \$862K. Revenue from Customer Connections, Installations, Interest Revenue and Systems Development Charges were significantly down. These items can easily be attributed to current economic conditions and poor interest rates. The interest rate in the Local Government Investment Pool ended the year at a meager .55%. Fortunately, Water Revenue of \$8.9M was slightly over budget and that amount was nearly the same as last year.

The negative impact of revenue lower than the budgeted amount was offset by lower expenses.

In the Operating Expense category, the Commission ended the year under budget by nearly \$1.5M. The Source of Supply category did not have any timber sales expense as previously budgeted and Watershed Management Expenses were down. A cool wet spring impacted Supply Pumping and Purification expenses. Electrical power for pumping and chemical costs were down as a result of a decrease in demand for water. In addition, maintenance expense on the Cathodic System and the BBS transmission lines were less costly than expected. The Transmission, Distribution and Distribution Pumping Expense categories were significantly below their budgeted amounts. This was mostly due to lower labor expense and less of a demand for electrical power.

Customer Accounting and Collection Expense category barely came under budget by \$13K. This is where current economic conditions impacted the Financial Statements. For example, Uncollectible accounts in the amount of \$48K was \$40K more than the previous fiscal year. Customer Contracts and Orders expense was \$46K over its budgeted amount due to an increase in customer account turn ons and turn offs.

The Administration and General Expense category was under budget by \$321K. This was largely due to the reassignment of our inspectors to other maintenance and Capital Improvement Projects. Service Center Labor budgeted for Inspection and Patrolling also was much lower than expected. In addition, numerous other items that finished lower than expected included: training and conferences, the conservation program, damages expense and PERS contribution expense.

Capital Expenditures were under budget by a \$1M. The unspent portion of the CIP budget included Pumping Land (this expenditure was included in today's vouchers), Distribution Pumping Equipment (which included Pressure Relief Valves at Control Stations), and Distribution Mains.

Total Combined Income for all the funds which includes the Water Fund, Future Main Replacement Fund, Water Construction Fund and Future Water Treatment Plant Fund was \$1.6M and was down \$3.2M as compared to the 2008-2009 fiscal year. Of this \$1.6M, \$.3M was developer donated physical assets.

In closing, even though the Medford Water Commission finished the year without going over in any major expense categories we are still very aware of our current economic situation. We are continuing to monitor and are conscientious of our expense budget. I anticipate that the current year will be very similar in nature to the one that we just finished.

Ms. DeLine also noted that the auditor will be in the office next week and while we are still using Isler CPA as the auditor, it is a different individual assigned to our audit this year.

9. Operations Report

- 9.1 Operations Superintendent Ken Johnson noted that a recent sale of scrape brass, copper and iron resulted in approximately \$20,000 of revenue. This represented about a six month accumulation and staff will be continuing to clear out these items.

10. Manager/Other Staff Reports

- 10.1 Mr. Rains reported on his recent communication with the Oregon Water Utilities Council (OWUC) and discussion regarding legislature cuts that are now being moved forward. It appears that the Oregon Water Resources Department will be looking at a reduction of \$800,000 which would likely cause a reduction in staff. The OWUC is requesting support for a water usage tax, which is not likely to move forward, and a fee for service program which may be based on ownership of water rights.
- 10.2 Mr. Rains circulated a certification of appreciation from Fire Dist #3 for the Water Commission's assistance during the Davis Finish Products Plan fire.
- 10.3 Mr. Rains reported receipt of a letter from Jackson County Parks regarding the cattle at Willow Lake. The County is requesting that the Water Commission fence the cattle out of Willow Lake, particularly in the campground areas. Bob Jones is going to research this issue further and will bring back recommendation.

*Don Skundrick left the meeting.

11. Propositions and Remarks from the Commissioners

12. Adjourn

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