

MINUTES OF THE REGULAR MEETING OF THE MEDFORD WATER COMMISSION

December 21, 2016

The regular meeting of the Medford Water Commission was called to order at 12:17 p.m. on the above date at the Medford City Hall Lausmann Annex, Room 151/157 with the following commissioners and staff present:

Chair Leigh Johnson; Commissioners Jason Anderson, John Dailey, Lee Fortier, Bob Strosser

Interim Manager and Principal Engineer Eric Johnson, Medford City Attorney Lori Cooper; City Recorder Karen Spoons; Administrative Coordinator Yvette Finstad; Finance Director Tessa DeLine; Geologist Bob Jones; Water Quality Director Rosie Pindilli; Operations Superintendent Ken Johnson; Big Butte Springs Operator Dennis Burg

Guests: Councilmember Michael Zarosinski; Central Point Mayor Hank Williams; Central Point City Manager Chris Clayton; Eagle Point Mayor Bob Russell; Shawn Koorn of HDR, Bev Layer; Colby Olsen of SOCG; Dennis Schmader; Tracie Barlow; Sabina and Jon Carey; Kristin Hosfelt from KOB1 TV; Rudd Johnson of Crown Hill Consulting

The pledge of allegiance was given.

3. Approval or Correction of the Minutes of the Regular Meeting of December 14, 2016
The minutes were approved as presented.
4. Comments from Audience
 - 4.1 Colby Olsen spoke pertaining to the pond on the Carey property and questioned the taxes that have been assessed because of the pond on the property; he thought taking the water away will cause personal stress. He noted a previous person had to spend 90 days in prison pertaining to a pond on his property. Commissioner Strosser noted he is referring to the State Watermaster and the Harrington pond.
 - 4.2 Dennis Schmader stated he has been to more meetings since he is retired. He thanked the Board for their time and asked them to keep up the good work.
 - 4.3 Sabrina Carey stated she is here pertaining to the pond issue.
5. Written Communications
 - 5.1 Letter from Schroeder Law Offices Requesting Authorization to Store Water
A letter of request for authorization to store water was received on November 14 from Schroeder Law Offices, P.C. on behalf of their client Sabrina Carey. Ms. Carey purchased property in 2014 with a small reservoir located on it, and in 2016 learned that no water use rights were associated with the reservoir. The Board has previously not authorized such requests. Letters in favor of water storage have been received from the Oregon Department of Forestry (ODF) and Jackson County Fire District 3 (JCFD3), due to the benefit of such water supporting wildland and rural fire fighting operations. Ms. Carey attended the meeting in person, and Schroeder representatives attended by phone.

Schroeder Law Office was called. Sarah Liljefelt, Attorney, stated that Sabrina Carey will speak first. Ms. Carey stated she was living on the property for two years and was not told that the pond was illegal. They have purchased the property, called the Watermaster and found it was not a legal pond. County records state there is a lake on the property. They have used the pond to help with their marijuana grow. She stated the pond is a benefit, although they do not use it since they have been told it is illegal. She noted this is not the same as Harrington issue, and many animals rely on their pond. Mr. Carey stated the pond is also beneficial for firefighting operations. Mr. Carey stated he is willing to pay for the water. He questioned where the water

would go should they not have the pond. The easement states that the City of Medford can state when the water should be released at their expense.

Attorney Liljefelt noted she just learned that the Board has already discussed this issue. She asked the Board to consider Ms. Carey's request. She also had heard Watermaster Larry Menteer attended the last meeting. She remarked this request would be at the discretion of the Commission. Ms. Liljefelt stated that the pond is a benefit to the community; there are hundreds, if not thousands, of ponds that have been there since the 1990s. Land owners are willing to release water any time MWC needs the water, and could be beneficial at a later time. The cost of enforcement is an easy thing to request. If the Commission grants the proposal, there will be an attorney fee provision; the pond will run with the land, with no liability risk to the Commission. Ms. Carey stated the Carey's discovered they had no water rights for irrigation water in growing marijuana. They are not proposing to use the water for marijuana but for storage only.

Commissioner Johnson noted Mr. Menteer had not come before the Board on this topic. The State of Oregon sets down certain water laws and we follow that. He was not sure where we can go with this, where we stand with the law, and chooses not to fight with the Watermaster. Attorney Cooper stated she has not researched this. Commissioner Dailey questioned if we can sell water rights; Ms. Cooper was not sure. Mr. Carey stated the Watermaster came out and said if it was nine acre feet it would fall into their criteria, if the pond is lower it becomes the burden of the owner, which is MWC.

Commissioner Dailey stated the State imposes condition on the MWC. Ms. Liljefelt stated Watermaster Travis Kelly is in full support of negotiation. Commissioner Johnson noted this will not be determined today, will require research and legal opinion. Commissioner Strosser questioned the procedure pertaining to her purchasing the property; she noted they bought through a title company and later called the Watermaster. They assumed since it was written in the County records it was legal. Ms. Liljefelt left the meeting. Commissioner Anderson requested a written document from our Legal Counsel pertaining to our rights. It was suggested Ms. Cooper call our water attorney in Portland. Ms. Carey appreciated the Board's consideration. The Board stated they will call Ms. Carey when this item comes back before them.

5.2 Letter from Business Oregon Regarding Project GoGo

Business Oregon would like the Commission to apply for a grant to fund the construction of the water line to serve Project GoGo, a California-based company looking to relocate to White City on the former Burrill Mill site. The line would need to be looped to ensure adequate water supply to the site; estimated cost is \$1 million. Business Oregon's Infrastructure Finance Authority can offer up to \$500,000 of this cost as a grant that is part of a program called the Special Public Works Fund, which provides funding for projects essential to industrial growth. The remaining \$500,000 would be received by the Commission in the form of a loan that Project GoGO would need to repay.

Interim Manager Johnson noted he was approached by Colleen Padilla of SOREDI and Business Oregon. There is very little if no infrastructure at this property. Business Oregon cannot loan the money to the company, although the MWC could be the debt holder. Eric Johnson stated this item will again be discussed at the next meeting. Commissioner Dailey questioned if a private business owner would put in the line; staff noted they would. Business Oregon is trying to provide incentive to Project GoGo to come to this area.

6. Public Hearings

- 6.1 Consider Resolution No. 1624, A RESOLUTION Prescribing and Establishing Rates for the Use and Sale of Water From the Municipal Water System of the City of Medford, Oregon, Within and Without said City, to Intermittent Users, and to Special Outside Customers, Repealing All

Prior Rates in Conflict Herewith and Providing that the Modifications as Set Forth in the 2016 Cost of Service Study Shall Become Effective on March 1, 2017, and Thereafter

Public hearing opened.

No one spoke.

Public hearing closed.

Motion: Approve Resolution No. 1624

Moved by: Mr. Dailey

Seconded by: Mr. Fortier

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

Motion carried and so ordered. Resolution No. 1624 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 \$239,045.89

Moved by: Mr. Dailey

Seconded by: Mr. Strosser

Questioned was the payment to AWWA; staff noted the bill is separated based on where employees reside.

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

Motion carried and so ordered.

8. Engineer's Report (Principal Engineer Eric Johnson)

8.1 Duff Water Treatment Plant Floc/Sed Basins – Concrete forming, rebar setting and concrete pours continue for the joining of the existing basins to the new sedimentation basins. Hand rail installation and elevated walkways construction continue. The flocculation bridges are being set. Electrical work continues.

8.2 Highway 62 14" Water Main Reroute – No activities concerning MWC facilities have occurred.

8.3 Lozier Lane Project – Marquess has submitted the construction costs breakdown between MWC and JVHWD for staff review.

8.4 Master Plan Updates – The Water Management and Conservation Plan (WMCP) is with the State for review. CH2M finished the BBS/Duff WTP Facilities Master Plan. A meeting was held with CH2M on December 15 to discuss the Water Distribution Master Plan. Corrections are being compiled and will be forwarded to CH2M to be incorporated into the Water Distribution Master Plan.

8.5 Corrosion Study – The review team is currently formulating a scope of services for Black and Veatch. A preliminary scope of services has been returned to Black and Veatch.

8.6 Jackson County Table Rock Road Project – MWC has received a revised schedule from Jackson County Road Department. The water plans are due for submittal to ODOT in late April 2017. Staff is waiting for a proposal from HDR.

Commissioner Dailey questioned who is tearing up Foothill; staff noted it is boring for gas lines.

9. Operations Report (Operations Superintendent Ken Johnson)

9.1 On December 5 and 6, the AMI FlexNet base station was installed at the Capitol Hill Reservoir by Day Wireless. Staff received the incorrect main antenna; it will be replaced in early January. Radio frequency parameters were confirmed on site; software is loaded and base station is

talking to Smart Point. On the week of January 9, Sensus will be here to train staff on Smart Point programming and to train customer service staff on the software and billing software. Future training will also be planned.

- 9.2 Pertaining to lead pigtails, 328 pot holes were found and 313 potholes have been completed; 26 lead pigtails have been found and the last one to be removed is on Hillcrest.
 - 9.3 Smart Point has been installed at the Service Center coin water dispenser meter. This meter will be read on day 20 of the meter reads. Staff will track monthly usage from this point forward.
 - 9.4 Staff is researching possible methods of using a 2" OMNI R2 meter with a back flow device vs. purchasing a meter specifically for metering water out of hydrants.
10. Water Quality Report (Water Quality Director Rosie Pindilli)
- 10.1 Rosie Pindilli attended the American Water Works Association Water Quality Technology Conference the week of November 14. There are many emerging legal issues surfacing, including issues regarding lead and legionella. Legionella is a waterborne bacterium that can cause a lethal type of pneumonia. Both lead and legionella are of most concern in premise plumbing, however, utilities can be held liable for what is occurring in internal plumbing (corrosive water, corrosion scales, biofilm, pipe disturbances, water stagnation, water quality/source changes, etc.). The idea of being "only responsible to the meter" may no longer protect utilities. Monitoring was stressed even though testing for lead and legionella is difficult, yielding often inconclusive results. However, the lack of monitoring will only further hurt a utilities' defense. Legionella cases have increased from 1,127 in 2000 to 5,166 in 2014 and lawsuit awards have been as high as 193 million. Flint, Michigan has had 90 cases of legionella; 12 deaths.
 - 10.2 Regulation update – Staff has completed 12 months of required monitoring for total coliform and ecoli on all seven individual springs. Six of the seven had 0-1 hits for total coliform, classifying them to be at low risk for surface water influence. Rancheria was the only spring to have confirmed ecoli triggering further monitoring. MWC may want to move forward with the construction of a new intake at Rancheria. Currently there are 30 unregulated contaminants. Monitoring is required by all systems serving populations of 10,000 or more and will be conducted from 2018-2020.
 - 10.3 Recent articles – The Detroit News stated in December 1, 2016 that "Flint might need 29K water lines replaced", all which can contribute lead to the drinking water. A November 9, 2016 article of The Oregonian states that "Portland must reduce lead in water now, State says". Regulators allowed Portland to sidestep the Lead and Copper regulations in 1997 by approving minimal corrosion control treatment in combination with an extensive public outreach program. Federal officials questioned the program, but stood by as Oregon approved it. Now they are backtracking and Portland had until December 2, 2016 to submit a plan.
11. Finance Report (Finance Director Tessa DeLine)
- 11.1 Staff is filing the audit with the Oregon Secretary of State's office and working on receiving their certificate.
 - 11.2 Staff outlined the budget process for FY 17-18.
12. Interim Manager/Other Staff Reports
- 12.1 Customer Service Tech II – The two new Customer Service Tech II employees started on December 16. They are Liz Carson and Mony Bristow.

- 12.2 Retirements – Marty Harrison has submitted a letter of retirement for January 31, 2017. Marty's position has been filled. Steve Baldwin will assume Marty's duties and Ben Williams will return to the crews for meter reading. A new Utility I position will be advertised on December 27.
- 12.3 Recurring Payments – AUS, customer service software vendor, is setting up a phone conference call with MWC on this issue in the near future.
- 12.4 P.I.C. Position – This position is to be advertised next week and filled by March 1, 2017.
- 12.5 Water Dispenser – Included in the Board's packets is information concerning water dispensers and charts pertaining to the MWC and Jackson County water dispensers. There is also a handout for a company called Flowpoint. Staff is reviewing the usage data for the BBS customers. If any high usage is apparent, BBS Superintendent Dennis Berg will perform a field investigation into the cause of the high water usage.

It was noted there has been an increase in the coin operation at the Service Center; at present staff does not suspect anyone using BBS lines for marijuana. Marijuana and water usage will come up next spring when people grow marijuana. Graphs were presented. Commissioner Fortier noted water is definitely going to irrigation. Commissioner Johnson thought we need to seriously review how we dispense and would prefer to have it done by June. Commissioner Dailey questioned if we can provide water outside of the UGB. The Board noted it was not our intent but would have to look at the Charter. Commissioner Strosser did receive a call pertaining to a well that had gone dry.

13. Propositions and Remarks from the Commissioners

- 13.1 Commissioner Anderson noted we have Rudd Johnson here. Commissioners Dailey and Anderson will interview, along with Rudd Johnson, the three recommended consultants. Rudd Johnson would like the remaining consultants to come to Medford, at their expense, for a 60-90 minutes interview, or possibly a Skype meeting. Commissioner Anderson stated they will try to meet with them on Skype next week.

14. Adjourn

There being no further business, this Commission meeting adjourned at 1:31 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. Spoonts, MMC
City Recorder
Clerk of the Commission