

**MINUTES OF THE REGULAR MEETING OF THE MEDFORD WATER COMMISSION
JANUARY 6, 2010**

The regular meeting of the Medford Water Commission was called to order at 12:25 p.m. on the above date at Medford City Hall Lausmann Annex, Room 151/157.

The following commissioners and staff were present:

Chair Cathie Davis; Commissioners Jason Anderson, Tom Hall, Leigh Johnson

Commissioner Don Skundrick was absent.

Manager Larry Rains; Deputy City Recorder Karen Spoons; Administrative Coordinator Betsy Martin; Principal Engineer Eric Johnson; Finance Administrator Tessa DeLine; Water Quality Superintendent Bob Noelle; Public Information Coordinator Laura Hodnett; Operations Superintendent Ken Johnson; Water Treatment Plant Chief Operator Dan Perkins

Guests: City of Medford Councilmember Bob Strosser; Medford Attorney John Huttli; Medford Deputy Fire Chief Kurt Bennett; Central Point Councilmembers Kay Harrison and Carol Fischer; Phoenix Councilmember Mike Stitt

2. Approval or Correction of the Minutes of the Last Regular Meeting of December 16, 2009

Approved.

3. Comments from Audience

None.

4. Written Communications

4.1 Quarterly Report to Mayor and City Council

The quarterly letter and financial reports 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.

Motion: Approve quarterly report and forward to the Mayor and councilmembers.

Moved by: Mr. Johnson

Seconded by: Mr. Hall

The Board questioned the decrease in water usage; staff noted it would be due to a decrease in industrial/commercial customers.

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

Motion carried and so ordered.

5. Authorization of Vouchers

Motion: Authorize the Manager and the Recorder to issue check-warrants in payment of invoices for a total amount of \$568,701.31.

Moved by: Mr. Hall

Seconded by: Mr. Johnson

The Board questioned the payments to Comprá & Vende, which was for a public service announcement, as well as the payment to USDA Forest Service, which was for a special use permit.

Roll Call: Commissioners Davis, Hall, and Johnson voting yes; Anderson recused himself from the Knife River voucher.

Motion carried and so ordered.

6. Engineer's Report

6.1 Duff Water Treatment Plant Fish Screen – This project is winterized and will restart in spring 2010.

6.2 Duff Water Treatment Plant Operation Remodel – Staff met with KSW concerning interior building

layout and seismic improvements. KSW is incorporating comments into Phase 1 preliminary design and layout. KSW will present findings at the January 20 Board meeting.

- 6.3 Jackson County Ross Lane Project – Jackson County is compiling the final plans and specification for the North Ross Lane Improvement Project and will be going out to bid the end of January.
- 6.4 Bullis Reservoir – RFP structural repairs are done and the interior scaffolding has been removed. The metal works, drains, overflow, and ladders are being fabricated.
- 6.5 Control Stations Upgrade – CH2M HILL is proceeding with the investigation and evaluation phase of the project.
- 6.6 Avenue G 48" Transmission Main – The RFP due date was December 29. RFP's were received from the following: MSA, Thornton Engineering, CEC and Hammond Engineering. Staff is currently reviewing the RFP's and would like two Commissioners to participate. The letter of "Intent to Award" is scheduled to be issued on January 20.

Commissioners Hall and Johnson agreed to participate; Commissioner Anderson noted a conflict of interest.

- 6.7 Eagle Point Cemetery – Anderson Engineering, consulting engineers for Eagle Point Cemetery, has inquired about upsizing the existing 2" water meter to a 3" water meter. Staff has reviewed and researched the request and found letters dating back to July 8, 1986. The 1986 request from the Eagle Point Cemetery was the same request. Ed Olson, then Principal Engineer, explained to Eagle Point Cemetery that the existing 2" water meter is off of Big Butte Springs transmission water main and service could not be expanded. The primary use of this water meter is irrigation. Staff issued a copy of the July letter to Anderson Engineering and explained that the MWC position is the same.
- 6.8 Cherry Lane Estates Water Pressure Issue – Staff and Attorney Huttli have prepared a cover letter and agreement to be forwarded to their representative, Michael Bond, and the residents of Piedmont Terrace for their action. Staff is requesting concurrence from the Board to issue the letter and agreement.

Attorney Huttli explained the agreement, the background facts, and how the MWC will solve the water pressure issues. Pressure reduction valves would need to be installed before the MWC could make changes. This would be sent to Mr. Bond who would then be responsible for obtaining the signatures.

Commissioner Hall questioned item 6.2, the Duff Water Treatment Plant engineering seismic upgrade; staff explained the details.

7. Water Quality Report

7.1 Consider Bids for High Service Pump #3

The Commission received five formal sealed bids on December 22, 2009 for the High Service Pump #3 Replacement project. The bidder and bids were: HPS Construction, Inc. of Cornelius, OR in the amount of \$252,056.00; Triad Mechanical, Inc., of Portland, OR in the amount of \$217,805.00; Stettler Supply Co., of Salem, OR in the amount of \$257,999.00; Stouder General Construction of Ferndale, WA in the amount of \$282,000.00; and Schneider Equipment, Inc. of St. Paul, OR in the amount of \$274,915.00. Triad Mechanical, Inc. was the apparent low bidder at \$217,805.00.

A "Notice of Intent to Award" has not been issued; Staff is requesting Board approval to proceed with the project. There are two main issues to discuss: There is \$100,000 reserved for the project in

the current 2009-10 capital budget. Staff intends to include the remainder of the project requirements in the 2010-11 budget. The bid documents included some detailed specifications that could not be met by any of the bidders. The participating contractors bid the specifications as close as possible and staff has determined that the intent of the specifications and Commission requirements are fully achieved. Staff has discussed the inability to meet all specifications with each bidder and none voiced objections to proceeding with award to the low bidder.

Attorney HuttI noted the bids were responsive and no board action was required at this time as it is information now; staff will bring this back for motion at a later time. Manager Rains noted that he does not want to issue a Notice of Intent unless the Board agrees. Commissioner Anderson questioned why this came in so much higher than budget; Water Quality Superintendent Noelle noted that he would take the blame for being so far off the projected amount as it was beyond his expertise. The Commissioners praised him for trying and for not spending the money to obtain a consultant to do what he did. The Board agreed to bring back for approval.

8. Finance Report

8.1 The November Financial Statements have a new look to match up with year end financial statements.

8.2 Semi annual inventory will take place this week.

9. Manager/Other Staff Reports

9.1 Utility Billing Cost Allocation Methodology Review

In August of 2009, both the Commission and the City agreed to bring in a third party to review the current equitability, accuracy, and whether there were better ways to apportion the costs of billing. In December of 2009, Isler CPA reported, as the selected third party, that the methodology used was mathematically correct and suggested some alternate methodologies that could be considered, but did not address the issue of equitability. At the December 17, 2009 City Council meeting it was requested that MWC participate with an independent review of potential methodologies.

Staff has been investigating possible firms to do these reviews, and presented those reviews to the Board. Staff requested direction from the Board and listed four options. Commissioner Hall questioned the allocation amounts to 15% of the total; Manager Rains explained the various categories that the rates are determined by and 15% vs. the 85% cost allocations. Councilmember Strosser noted that there have been meetings between the City and MWC. He explained the questions that the City has, and noted that this is a request from the City. The Board requested a study session on this for further understanding.

9.2 January Newsletter

The quarterly newsletter to go out in the January billing will explain the new format for the utility bill as well as the envelope that it arrives in.

10. EXECUTIVE SESSION pursuant to ORS 192.660(2) to conduct deliberations with persons designated by the Council to negotiate real property transactions.

The Board adjourned to executive session at 12:25 p.m.

The Board reconvened at 1:04 p.m. with same Board members present.

11. Propositions and Remarks from the Commissioners

11.1 Chair Davis questioned who would be at the January 20 meeting; the Commissioners in attendance stated that they would be there. Manager Rains noted he would hold off on the study session

pertaining to methodology on the utility billing costs until February 3rd.

12. Adjourn

There being no further business, this Commission meeting adjourned at 1:11 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, CMC
Deputy City Recorder
Clerk of the Commission