

MINUTES OF THE REGULAR MEETING OF THE MEDFORD WATER COMMISSION
November 2, 2011

The regular meeting of the Medford Water Commission was called to order at 12:37 p.m. on the above date at the Medford City Hall Lausmann Annex, Room 151/157 with the following commissioners and staff present:

Chair Tom Hall; Commissioners Jason Anderson, John Dailey, Cathie Davis

Commissioner Leigh Johnson was absent.

Manager Larry Rains; 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; Water Quality Superintendent Bob Noelle; Operations Superintendent Ken Johnson

Guests: City of Medford Councilmembers Bob Strosser and Jim Kuntz; Medford Attorney John Huttl; Medford Deputy Fire Chief Kurt Bennett; Central Point Mayor and Liaison Hank Williams; Central Point Manager Phil Messina; Central Point Assistant City Manager Chris Clayton; Eagle Point City Administrator Dave Hussell; Eagle Point Public Works Director Robert Miller; Public Works Management Joe Strahl and Chris Peters, Brad Martinkovich; Bev Layer

2. Approval or Correction of the Minutes of the Last Regular Meeting of October 19, 2011
The minutes were approved as presented.

3. Comments from Audience

- 3.1 Beverly Layer noted that she is in attendance as a concerned citizen.

- 3.2 Brad Martinkovich stated that he attended a meeting pertaining to the removal of dams in Klamath and Siskiyou Counties and that he would like to be on a committee or liaison between the Siskiyou Water Users Association and the Medford Water Commission. He further commented that if the dams are removed it will affect this area; handouts were given to the board.

- 3.3 Councilmember Kuntz expressed his concern with the possibility of the dams going out.

- 3.4 Joe Strahl, of Public Works Management, stated that they received input from the Commission that the Cities Water Coalition's name was too confrontational; he suggested perhaps changing the name to something such as the Cities Water Cooperative and requested the Commission's input. Medford Attorney Huttl questioned if they are a 190 organization; Mr. Strahl noted that they are not. Handouts were presented and a PowerPoint presentation called Surcharge Considerations in 2011 Cost of Service Study was given. Goals, strategies and recommendations were presented.

Brad Martinkovich questioned if conservation was done would the rates go up? Mr. Strahl noted that some could go up or down. Commissioner Hall noted that this did happen in Ashland where the usage went down causing rates to go higher to cover costs. Eagle Point Public Works Director Miller spoke on water conservation as well. Eagle Point City Administrator Hussell noted that all of us need to conserve, not just Medford.

4. Authorization of Vouchers

Motion: Authorize the Manager and the Recorder to issue check-warrants in payment of invoices for a total amount of \$569,310.35

Moved by: Ms. Davis

Seconded by: Mr. Dailey

Roll Call: Commissioners Anderson, Dailey, Davis, and Hall voting yes; Anderson recused himself from the C&C Tire and Knife River voucher. Motion carried and so ordered.

5. Engineer's Report

- 5.1 Duff Reservoir Seismic Upgrade – Reinforcing bars have been placed along the south side of the reservoir and the first concrete pour was completed yesterday. Excavation continues along the west

and east ends, forming and rebar placement is also continuing.

- 5.2 Duff Filters 13-16, Redundant Backwash System and Yard Piping Project – Commissioners and staff have interviewed two of the proposers for the project. Since the proposers have proposed two different methodologies for the filters, staff is pursuing additional clarifications and data to those proposed methodologies in order to make a decision.
- 5.3 Conrad Control Station – Work continues; the water manifold pipes and control valves are being installed. The roof will be completed this week. Electrical work will start next week if the mechanical work allows.
- 5.4 Ave G 48" Transmission Main – A pre-construction meeting is scheduled for November 17.
- 5.5 Martin Control Station – OBEC is proceeding with the preliminary design and the Basis of Design Report. A project coordination meeting is scheduled for November 9.

Mr. Hall questioned if Principal Engineer Johnson would like to elaborate at this time on the Duff Filters 13-16 Project. Mr. Johnson noted that two major consulting firms presented two different options; one wants to hold as status quo, the other firm is proposing retrofitting the existing 12 filters. Consequently there has been some discussion whether it is feasible to do the retrofit. Staff is requesting data from the proposer on whether this can actually be done; staff plans to visit various sites to view this option. Commissioner Anderson questioned what the cost difference would be; Mr. Johnson noted that there could be staff savings on the filters alone of about two million dollars but staff is disputing their numbers. Mr. Hall stated that the two engineers don't agree with the difference of opinion; he also commented that staff was complimented on how well things have been taken care of as well as the quality of the water. Both firms did state that the MWC should not use membrane filters for a high production facility. Water Quality Superintendent Noelle noted that it is an evolving industry. Mr. Hall complimented staff for being open minded.

6. Water Quality Report

- 6.1 Mr. Noelle noted that Duff I is nearly decommissioned. Following the shutdown staff will be working on equipment maintenance and is also ready to surrender the reservoir for the seismic upgrade. Another washwater lagoon is expected to be cleaned before the winter.
- 6.2 A press release was given on chromium-6 and very little interest was expressed. The Mail Tribune did a story on it; no calls were received from customers.
- 6.3 The last Willow Lake budgeted sampling will be taken today; a draft report should be ready by the end of December.

Mr. Hall questioned the size of the reservoir at Duff I; staff noted that is 4.8 million gallons.

7. Finance Report

- 7.1 Staff is currently working on the comprehensive annual financial report; Isler CPA will present the annual audit report at the next meeting.
- 7.2 Mature CDs will now be invested with Umpqua Bank's money market account which will earn a higher interest.
- 7.3 Finance Administrator DeLine and Commissioner Daily will meet with Terry McCall of Portfolio Services for Government on Friday to review the draft RFP for investment services.

8. Operations Report

8.1 Normal maintenance is currently being done; staff is beginning to work at Duff to get ready for the new project. There have been many challenges to overcome; one is keeping Rogue Disposal with water. A temporary service to their facility has been made.

9. Manager/Other Staff Reports

9.1 Rate Study – Staff requested direction with the rate study as discussed during the study session. Commission Anderson is torn; without the increase of the base rate it would have been a no brainer. Mr. Dailey is concerned with the \$1.00/month increase. Mr. Hall noted that as price goes up people will conserve water and challenged raising the gallon charge (fee). The sister cities want to see a bigger rate difference between our gallon charge and what they get charged from us as we maintain a lot in our gallon charge; it is good way to force conservation. Mr. Rains noted that this can be done which will be a change from what is done in the past. Mr. Dailey questioned what the change would be; Mr. Hall thought it would be about two cents. Mr. Dailey noted that that does not include the increase of the base rate; Mr. Hall noted the increase that would have been increased, even without Duff II. The board directed staff to convert the increases for inside customer's monthly charge to a gallowage increase. Mr. Anderson questioned adding the additional increase for the Duff II. Mr. Rains noted that bonding will still need to take place as the nickel increase every year would not cover Duff II. The board continued to discuss raising the rates. Mr. Anderson thanked receiving the presentation of the Public Works Management and the strategies they presented. The Commissioners agreed to continue on with the efforts to grow the Duff II fund. The board agreed to a nickel increase for Duff II. Mr. Anderson noted that it would be nice to hear what the other cities are doing for conservation. Mr. Rains questioned if the board would like a conservation study session; the board agreed to a study session with the other cities participating as well.

9.2 Geologist Jones received the Manager's Award from the Jackson County Soil & Water Conservation District.

9.3 Mr. Jones stated that the WISE Project was selected as an Oregon Solutions Project for Oregon. This will raise the status statewide and will help to receive grants. The WISE Project will also receive assistance in developing a strong collaboration; provide staff, and a declaration of cooperation. They are hoping to build momentum. The Oregon Solutions Project is a steering committee; the governor chairs this committee with co-conveners Peter Buckley and Jason Atkinson. The commission could be involved if they would like. Mr. Rains noted that he requested Mr. Jones to provide a one page flow diagram on the project.

9.4 Duff Wetlands Mitigation Permit – Responses have been received back from agencies. Their first response is that the application is incomplete and there were some items that were deal breakers, such as the need to move the mitigation permit area, signatures from the owners (Pacific Crest Transformers), deed restriction and easements, amend delineation on impact site, establish long term fund and long term maintenance program, as well as clarification on the mantra. Staff recommended completing the sale, obtain the lot line adjustment, deed and easements before January 31. There would be extra costs for an extension should the sale go past the January 31, 2011 deadline. Mr. Rains noted that there is new management at Pacific Crest Transformers; staff would like to have all this cleared up to streamline the process. Mr. Huttl questioned if we have a purchase and sale agreement; staff noted yes. Mr. Anderson noted that we could add contingencies to the sale; the board agreed to staff's suggestions.

9.5 Klamath Issue – Mr. Rains questions what the Commissioners would like to do pertaining to this issue; Mr. Anderson questioned what staff's position on this is. Mr. Rains noted that he does not think we have an issue; we have water rights, but is not an expert of the whole study. Mr. Huttl reviewed this and noted that there is no legal requirement that the MWC become involved. Mr. Anderson

requested that someone take a look at materials provided by Mr. Martinkovich and see if it changes our mind; Mr. Jones was selected to review the material and Mr. Martinkovich will present all materials to Mr. Jones.

9.6 Mr. HuttI requested an update on the status of the Central Point and Eagle Point agreements; Mr. Rains noted that the agreements have been signed by all parties.

10. Propositions and Remarks from the Commissioners

10.1A draft "Statement of Intention Regarding Loss of Water Supplies during a Catastrophic Event" was presented to the full board as drawn up by Commissioners Johnson and Hall with the help from Manager Rains; Commissioner Hall noted that Mayor Wheeler has looked at this. Councilmember Strosser stated that he will present to the councilmembers. Mr. Hall noted that any action on this issue will wait for input from the rest of the board, Councilmember Strosser and Council, and any other served customer groups. If acceptable to all, the intent is to read it into the record, not pass as a resolution.

11. Adjourn

There being no further business, this Commission meeting adjourned at 1:32 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