

MINUTES OF THE REGULAR MEETING OF THE MEDFORD WATER COMMISSION
November 16, 2011

The regular meeting of the Medford Water Commission was called to order at 12:27 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, Leigh Johnson

Manager Larry Rains; Attorney John Huttli; Deputy City Recorder Karen Spoons; Administrative Coordinator Betsy Martin; Principal Engineer Eric Johnson; Finance Administrator Tess DeLine; Public Information Coordinator Laura Hodnett; Geologist Bob Jones; Water Quality Superintendent Bob Noelle; Operations Superintendent Ken Johnson

Guests: City of Medford Councilmember's Jim Kuntz and Karen Blair; Central Point Mayor and Liaison Hank Williams; Central Point Assistant City Manager Chris Clayton; Public Works Management Joe Strahl and Chris Peters; Jeff Curl of N.W. Pipe Company; Lyle Selle of U.S. Pipe; Mike Thornton of Thornton Engineering; Brad Martinkovich; Damian Mann of Medford Mail Tribune; Beverly Layer*; Geri Kemp* (*arrived late)

2. Approval or Correction of the Minutes of the Last Regular Meeting of November 2, 2011
Commissioner Dailey had changes to the minutes; minutes were approved subject to changes.
3. Comments from Audience
 - 3.1 Jeff Curl, N.W. Pipe Company, spoke about an article in the paper pertaining to piping and Manager Rains' comment that N.W. Pipe would not be able to meet delivery. He presented a letter to the board asking for the following 1) direct staff to review the above referenced change order and report back to the board at a Special Board meeting on November 23, 2011 2) ask staff to have the engineer of record, Thornton Engineering, to provide a written, unbiased report of this change order to the board and 3) ask staff not to put a "gag order" on Thornton Engineering if he has questions regarding the stamped calculations and would like to discuss it with the NWP engineers. He later presented a handout for the Commissioners.
 - 3.2 Lyle Selle, U.S. Pipe, stated that they do have a vested interest in this project, their product has been submitted and stated they could get the ductile iron pipe here. He has known the MWC for 27 years, have seen them go through projects and plans, and thinks that the Commission has every right and reason to rely on their professionalism and expertise because they have earned it. The ductile iron pipe will not hold up the 48" Water Main Improvement Project.
 - 3.3 Brad Martinkovich reiterated some of his concerns pertaining to the possibility of dam removals. He stated that there will be a presentation on this topic at the Medford Library on Friday evening at 6:30 p.m. He believes the MWC should support not removing the dams.
4. Resolutions
 - 4.1 No. 1464, A RESOLUTION Authorizing the Manager to Complete the Sale Agreement for Acquisition of All Right, Title to, and Interest in the Pacific Crest Transformer Property Also Known as 362W24 Tax Lot 307, a Portion of 362W23 Tax Lot 104, a Portion of 362W23 Tax Lot 106, and a Portion of 362W24 Tax Lot 300

For reasons discussed previously and as directed at the last board meeting, staff has brought forth a resolution authorizing the manager to complete the above-mentioned property purchase. Staff recommended approval without the contingency of final permit acceptance by reviewing agencies concerning this mitigation property for wetlands/vernal pool issues.

Motion: Approve Resolution No. 1464

Moved by: Mr. Dailey

Seconded by: Mr. Johnson

Commissioner Anderson questioned the contingencies; Manager Rains noted that staff feels 95% certain it

would eventually get a green light from the state and it will save money for the Commission to purchase now and not duplicate efforts by waiting. Mr. Dailey questioned if there were any issues with the acquisition; Mr. Rains noted that there is none; everything has been taken care of.

Roll Call: Commissioners Anderson, Dailey, Davis, Hall, and Johnson voting yes.
Motion carried and so ordered. Resolution No. 1464 was approved.

5. Authorization of Vouchers

Motion: Authorize the Manager and the Recorder to issue check-warrants in payment of invoices for a total amount of \$2,137,120.12

Moved by: Mr. Johnson

Seconded by: Ms. Davis

Commissioner Johnson questioned if we have always been a member of the landscape group; Mr. Rains noted that this is a new thing that Public Information Coordinator Hodnett requested that we be a member of and it is \$100.00; Ms. Hodnett noted that this was in existence years ago but there has been a merge of organizations and we have a lot to gain with networking with this group.

Roll Call: Commissioners Anderson, Dailey, 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 Reservoir Seismic Upgrade – Construction continues on the grade beam. Reinforcing bars are being placed along the west end of the reservoir. A concrete pour was completed Monday on the east end. Excavation continues along the north end. The cleaning of the roof is underway.
- 6.2 Duff Filters 13-16, Redundant Backwash System and Yard Piping Project – MWC has received the additional comments back from the proposers. Commissioners and staff will review the comments in the near future and continue working toward a selection of a consulting firm. Commissioner Dailey and Hall agreed to review the written responses from two consulting firms on Monday, November 21 at 3 p.m.
- 6.3 Control Stations Upgrades – Work continues at Conrad Control Station. The water manifold pipes and control valves are installed and are being pressure tested. The roof is complete. Electrical work is under way.
- 6.4 Ave G 48" Transmission Main – A pre-construction meeting is scheduled for November 17.
- 6.5 Martin Control Station – OBEC is proceeding with the preliminary design and the Basis of Design Report.

Commissioner Dailey questioned when we would talk about the proposed steel change order; Manager Rains noted we have not looked at a change order as the last direction of the board to staff was to remain with ductile iron. Mr. Rains noted the possible price savings has always been mentioned throughout the comparison analysis. Commissioner Anderson questioned if Engineer Johnson's position has changed regarding the piping; Mr. Johnson noted it has not. Commissioner Hall noted staff has not evaluated the latest proposal/specification letter; Mr. Rains stated that staff was aware of the letter and the design engineer has preliminarily evaluated the contents of the letter. Commissioner Johnson noted that he did receive a call from Mr. Curl at N.W. Pipe but did not return the call as he thought it was not appropriate. He did review the change order request from the engineer, stated that we established standards years ago but is having second thoughts because of the information he has read which has been stamped by an engineer. Commissioner Johnson also heard that Jackson County will not be on time with the bid phase of their project. Mr. Dailey

questioned if the proposed change would impact the schedule; Mr. Rains noted specifications and legal issues need to be looked at by the Commission and stated that he had not heard anything about the county's change in time. Mr. Hall noted that he met with John Vial on Monday and that they are two months behind on their project but hope to complete the wetlands portion in June and in July/August get back on schedule.

Mr. Thornton, Thornton Engineering, offered to address issues that the board might have. He noted that the change order is not comparable to specifications in terms of ability to handle internal pressure; there are several other items to consider, such as corrosion control and that more discussion would be needed for specification of pipe. Therefore, it's misleading to think you could save a half million dollars.

Mr. Hall questioned the design criteria for internal pressure; Engineer Johnson noted that it needed to meet both the pressure test and surge pressure. Right now it does not meet our pressure testing standards; he stated what AWWA standards are for pressure testing. Engineer Johnson noted that the MWC does not come in with a minimum standard; Mr. Rains noted that safety factors are considered by staff. Specifications were questioned by the board. Mr. Thornton noted that design guidelines put out by AWWA have criteria for the amount of stress allowed on the pipe but it is common for agencies to specify minimum stress and factor of stress. Mr. Hall questioned why you would consider wall thickness; Mr. Thornton gave examples why an agency would be concerned about this. Mr. Hall questioned what the ultimate protection for pipe in the ground is; Mr. Thornton noted that most steel systems have a coating and some sort of cathodic protection system. Mr. Hall questioned why we don't have cathodic protection on ductile pipe in White City; Engineer Johnson noted that ductile iron is poly wrapped. The Commission and staff continued discussing the cost of pipes. Mr. Hall questioned everything that staff has presented; Mr. Rains requested the board not fault staff for providing information as they see it. Staff understands it ultimately is the board that makes the decision and staff will follow their direction faithfully.

Commissioner Davis noted that she was not available to receive Mr. Curl's phone calls but would not have talked to him as that would not been appropriate. She did not have enough information and wanted an unbiased opinion; Mr. Anderson agreed and would not change standards according to what he has heard. He requested a study session on this and information on what others are doing throughout the nation when the standard specifications are next reviewed. He noted that they are two different products and you are comparing apples to oranges. Commissioner Johnson noted that we put this out to bid and issued a contract and then the change order is proposed by the contractor, not someone else. He questioned why the contractor requested the change order; Engineer Johnson questioned why the contractor isn't here and the issue is being addressed by the pipe sales company. Mr. Hall wanted to address Mr. Anderson's question and noted there is an opportunity to save money. Mr. Hall questioned when a pipe company would know of intended agency plans short of when the job goes out to bid. Mr. Anderson has been at every public meeting as Mr. Hall has and is not convinced that we would save any money and he will listen to the engineers.

Attorney Huttli stated that we advertised, had a bid protest, the board elected not to change the bid, bids were opened and were responsive. The board had discussion on value engineering and then the change order. If the board wanted to entertain the change he would ask for a guarantee from the contractor that it would cover costs if delayed and cover any legal challenges.

Commissioner Anderson proposed that we move on with the agenda.

7. Water Quality Report

7.1 Water Quality Superintendent Noelle noted there was nothing new to report.

8. Finance Report

8.1 Audit presentation is postponed to the next meeting.

8.2 The RFP for the Investment Advisory Services should be completed this afternoon and on the street tomorrow morning.

9. Operations Report

9.1 Last Thursday Operations staff reduced flow on BBS I to ½ pipe for the winter.

9.2 Staff started early today to put in a 42" tee out at Duff; this project will probably last 12-16 hours.

10. Manager/Other Staff Reports

10.1 Distribution of 2011 Cost of Service Study

The study was published implementing the preferences of the board at the last meeting. The \$0.05 cents increase surcharge for Duff II was included, along with a spreading of the increased monthly charge over both monthly and gallonage charges. Mr. Rains requested a thumbs up at the next meeting as staff will need to advertise for the public hearing. The public hearing to consider rate increases is scheduled for the December 21, 2011 meeting.

Minor changes were presented. Mr. Rains noted that he had visited with the three districts last week who requested MWC obtain water rights for their summer demand and charge on a cents per thousand basis; total amount of water rights to obtain for them is 735 acre feet. Because these districts eventually go away this does make sense; this would be about a 24-cent increase to the districts. Other changes were to direct Manager to take the increase in inside customer monthly charge of about 92 cents and put it in the gallonage charge. That raised the inside customer rate in the 7-cent category. Item 3) direct Manger to add second nickel; next summer it will be 10 cents. Item 4) rate of return set by board is 5%. It was requested that the board review the 2011 Cost of Service Study Summary and the "change" column. He explained the reason for some of the changes which will make a difference in rates.

Commissioner Hall thought we did not want to change our base charge at all; the goal being to get our cost per gallon higher to bring up more awareness to conserving water. Rains didn't think that that board wanted to go up the full 7-cents but more in the 3-cents range. Commissioner Anderson thought the 7-cents is what we had agreed to and questioned if this would change winter and summer rates; Mr. Rains thought it would and will work on changing the study to reflect this. Mr. Anderson questioned why the base rate went up; Mr. Rains noted the provided handouts containing the breakdown of monthly rate charges; Mr. Rains noted that keeping the base rate as it is would be the fairest way, is as per AWWA M1, and that the more that you put on gallonage the more complaints you will get on those that use a lot of water such as industrial/commercial businesses. Mr. Rains requested the board officially direct him at the next board meeting to reduce the monthly inside customer charge to a lesser amount and put the difference in the gallonage charge.

10.2 Klamath Issue

Geologist Jones gave a presentation that he called "10 years in 10 minutes" about the Klamath water issue. He stated that he was requested by the board to review the material received and report back to the board on whether the MWC should be involved regarding dam removal or take a stand on this in any shape or form. He stated that we had two requests on this 1) the Siskiyou County Water Users Authority Association requested that the MWC join them 2) the board research on their own about the dam removal and provide a written supplement in the water bill about the negative impacts and that Brad Martinkovich would be willing to serve as a liaison.

Mr. Jones noted that this is a complicated issue that will leave all stakeholders unhappy. There are three components to this research 1) Klamath Basin Restoration Agreement [KBRA] 2) the Klamath Hydroelectric Settlement Agreement [KHSA] and 3) adjudication process for the water rights in the Klamath Basin. He talked to many different people pertaining to this and presented a timeline pertaining to water in this area as well as an outline of the dam removal. These events and actions have demonstrated a need for a long term solution for the Klamath Basin. If the Secretary of Interior believes this is in the best interest of the public it must be concurred with governors in Oregon and California.

He noted that the irrigation districts are fine with what is going on; they don't have an issue with this. Removal of dams has nothing to do with water rights. Staff feels that we don't have a reason to be involved in this. Dam removal makes the most economic sense. We will not loose any water as our water does not come from Klamath Basin. Stored water at Fourmile Reservoir could be called on. Staff does not recommend that we sign on and that this issue is too complicated to put into a flier.

Commission Johnson noted that Mr. Jones is correct on everything except this issue has been going on in the Klamath Basin for 25 years. He started working on this topic 25 years ago while working for Congress and then while working at Harry & David; this item is not over yet between Congress and all parties involved. While working for Harry & David he made sure that no mention of Rogue Valley water was mentioned in the reports.

11. Propositions and Remarks from the Commissioners

11.1 None.

12. Executive Session in Accordance with ORS 192.660(2)(f) – To Consider Information or Records that are Exempt by Law from Public Inspection

The Board adjourned to executive session at 1:47 p.m.

The Board reconvened at 2:11 p.m. with same members present except Jason Anderson.

Motion: Direct manager to communicate direction per the executive session

Moved by: Mr. Dailey

Seconded by: Ms. Davis

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

Motion carried and so ordered.

13. Adjourn

There being no further business, this Commission meeting adjourned at 2:12 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