

**MINUTES OF THE REGULAR MEETING OF THE MEDFORD WATER COMMISSION**  
**June 6, 2012**

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

Chair Jason Anderson; Commissioners John Dailey, Cathie Davis, Lee Fortier

Commissioner Leigh Johnson was absent.

Manager Larry Rains; Attorney John Huttli; Deputy City Recorder Karen Spoonts; Administrative Specialist Yvette Finstad; Principal Engineer Eric Johnson; Finance Administrator Tessa DeLine; Geologist Bob Jones; Operations Superintendent Ken Johnson; TS Coordinator Kris Stitt

Guests: City of Medford Councilmember Bob Strosser; Central Point Mayor and Liaison Hank Williams; Central Point Assistant City Manager Chris Clayton; Eagle Point City Administrator Henry Lawrence; Public Works Management Joe Strahl; Brad Martinkovich

2. Approval or Correction of the Minutes of the Last Regular Meeting of May 16, 2012  
Approved.

3. Comments from Audience

- 3.1 Brad Martinkovich presented an update on water rights from Klamath River; although the Hoopa Valley Indian Tribe is requesting Pacific Power to remove the dam Secretary of the Interior Salazar has tabled this until after the election.

Out of sequence.

6. Authorization of Vouchers

- 6.1 Motion: Authorize the Manager and the Recorder to issue check-warrants in payment of invoices for a total amount of \$1,828,565.38  
Moved by: Ms. Davis Seconded by: Mr. Dailey  
Roll Call: Commissioners Anderson, Dailey, Davis, and Fortier voting yes; Anderson recused himself from the C&C Tires, Knife River and Mail Tribune vouchers.  
Motion carried and so ordered.

- 6.2 One board member previously recused himself from approving the vouchers for Asante and C&C Tires. Commissioner Dailey and Fortier, who were absent from the May 16, 2012 meeting, signed approval for those payments.

7. Engineer's Report

- 7.1 Duff Water Treatment Plant Duff Flocc/Sed Basins – Staff has reviewed and ranked the six Quality Base Selection proposals with Black & Veatch ranking the highest. The proposers ranked as follows: Black & Veatch, Carollo, CH2M Hill, Kennedy/Jenks, AECOM, and MWH. Staff will begin negotiating a scope of services with Black & Veatch with the board's concurrence.

Commissioner Anderson questioned how close they were on ranking; Engineer Johnson noted that the methodology was very close. Commissioner Dailey questioned the total expenditure for engineering and the process; Mr. Johnson noted that it could be about 7-8% of the scope of work. Manager Rains provided clarification and that direction will be needed from the board at a later date.

- 7.2 Ave G 48" Transmission Main – Approximately 9,000' of the 48" transmission main has been installed. Phase 1 was successfully chlorinated and has passed the biological test. Phase 2 was successfully pigged and pressure tested. Installation of the 48" pipe is nearing the end of Phase 3. Some of the pipe supplied by Griffin Pipe was found to be out of specification. Griffin Pipe personnel

arrived on site to inspect and order replacement pipe. Some of the replacement pipe arrived last week and the remainder of the pipe was delivered yesterday. All of the 48" water main will be installed by the end of this week. Project clean-up and surface restoration is under way. Pacific Avenue is scheduled for paving later this week. This project will be completed by late June or early July. Staff expects to be pigging Phase 3 soon. Mr. Anderson questioned where they end the project; Engineer Johnson provided the locations this project covers.

- 7.3 Martin Control Station – The review of the 75% design plans and specifications have been returned to OBEC for further design towards the 90% phase. Plans and specifications are due June 12.

8. Finance Report

- 8.1 General liability and property insurance had no increase; in fact, this insurance dropped by about \$6,000 from last year.
- 8.2 Staff noted they would like a rider on our insurance policy if Resolution No. 1490 is approved.
- 8.3 The Medford Water Commission received the national General Finance Officer's Association (GFOA) award. GFOA reviewed the Comprehensive Annual Financial Report and suggested that the Medford Water Commission separate vacation liability into current and non current.

9. Operations Report

- 9.1 A leak test was performed in April on Capital Hill Reservoir #3; no measureable loss of water was detected. On April 16 the reservoir was drained and reviewed; the floors and walls were in good condition and roof issues were not that significant. Marquess & Associates performed a preliminary field investigation and recommendations were given. The reservoir will need to be drained this fall to make improvements and to obtain further evaluation. Ongoing maintenance will be needed; staff suggested maintenance be added in the budget. Engineer Johnson provided further explanation on the process. Mr. Rains did not think we would be able to refurbish the life of the reservoir; staff has been planning for a new reservoir at Capital Hill.

Mr. Anderson questioned how many reservoirs we have; staff noted 13. Mr. Anderson stated that he would like to see all reservoirs and that this would be time well spent; Mr. Rains will work on that.

10. Manager/Other Staff Reports

- 10.1 Staff Report on the Utility Management Software Upgrade Project  
TS Coordinator Stitt provided the monthly staff report on the software project. Staff has been keeping very busy with the upgrade; all documentation is being gathered and all three software vendors will be on site June 18 and 19 to make recommendation for the implementation plan.

Mr. Anderson questioned if the vendors work together on this; Mr. Stitt noted that we have a project manager and at times we have had issues pertaining to communication. Mr. Anderson requested an update at the next meeting. It was noted that the date to go live may be delayed.

- 10.2 Consideration of City of Ashland's Request for an Emergency Water Connection  
Details of a meeting held with Ashland, Manager Rains, and Commissioner Dailey on the emergency water connection was shared. Mr. Rains stated that Ashland has paid their fare share of TAP3, currently serving Talent and Phoenix, although Ashland was in the original plan. The TAP3 original numbers were 10 million gallons a day with Ashland receiving three million gallons of that a day. Ashland asked the question if they could be served with an emergency connection. Questions presented would be SDC costs for connecting to TAP, which would be 3.7 million. Ashland questioned if we would do something different. Mr. Dailey was troubled with political issues this could cause and a lot of complication with no benefit to the Commission; he suggested addressing

this with caution. He further stated Ashland has no formal agreement with Phoenix and Talent. According to Ashland's water plan they have no intention on receiving Medford water. Mr. Rains noted that their plan is doable and questioned if the MWC board would approve. Ashland would like to personally present their ideas to the board. Mr. Dailey would like that; Mr. Rains will set up as a study session. Commissioner Fortier questioned if we had a precedent for this type of water sale; Mr. Rains noted that we have no other emergency service as this.

10.3 Water Conservation IGA and Grant

The proposed Water Conservation Intergovernmental Agreement (IGA) is out for signature; according to the State the Medford Water Commission will receive the grant. Staff would like the board to sign the IGA so the process of the paperwork can move forward.

Motion: Approve the Water Conservation Intergovernmental Agreement

Moved by: Mr. Dailey

Seconded by: Mr. Fortier

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

Motion carried and so ordered.

Back in order.

4. Public Hearings

- 4.1 Consider Resolution No. 1487, A RESOLUTION Adopting the Budget as Revised May 16, 2012, for the City of Medford Board of Water Commissioners for Fiscal Year 2012-13, Commencing July 1, 2012, and Making Appropriations Thereunder

At the regular meeting held on May 16, the board approved the proposed budget as revised for FY 2012-13. The notice of budget hearing was published on the website starting May 17, and in the May 23 and 30 editions of the Mail Tribune. The notice, which includes all of the fund budgets, is attached to the resolution as Exhibit A. Copies of the Proposed Budget were distributed to the board at the April 18 meeting. Staff recommended approval.

Public hearing opened.

No one spoke.

Public hearing closed.

Motion: Approve Resolution No. 1487

Moved by: Mr. Dailey

Seconded by: Ms. Davis

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

Motion carried and so ordered. Resolution No. 1487 was approved.

5. Resolutions

- 5.1 No. 1488, A RESOLUTION Amending Monthly Salary Rates for Medford Water Commission Employees, Effective July 1, 2012

As part of the budget process, staff has revised the monthly salary rates for all nonunion employees, based on the Consumer Price Indexes, Pacific Cities and U.S. City Averages, for Urban Wage Earners and Clerical Workers. The resolution reflects a 3.1 percent cost-of-living increase. Staff recommended approval.

Motion: Approve Resolution No. 1488

Moved by: Ms. Davis

Seconded by: Mr. Dailey

Mr. Anderson questioned how many employees were in the union; Mr. Rains noted that there are 53 positions in the Medford Water Commission with 51 filled; of that 16 positions are in the union; with 14 of those positions filled.

Roll Call: Commissioners Anderson, Dailey, Davis, and Fortier voting yes.  
Motion carried and so ordered. Resolution No. 1488 was approved.

- 5.2 No. 1489, A RESOLUTION Approving Exhibit A, Pay Schedule, of Agreement between the Board of Water Commissioners of the City of Medford, Oregon and the Oregon and Southern Idaho District Council of Laborers, Laborers' International Union of North America, Local #131, Effective July 1, 2012

The 2012 union contract provides for a cost-of-living increase based on the Consumer Price Indexes, Pacific Cities and U.S. City Averages, for Urban Wage Earners and Clerical Workers. The average of the indexes was 3.1 percent. Staff recommended approval.

Motion: Approve Resolution No. 1489

Moved by: Mr. Dailey

Seconded by: Ms. Davis

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

Motion carried and so ordered. Resolution No. 1489 was approved.

- 5.3 No. 1490, A RESOLUTION Amending the Investment Policy for the Board of Water Commissioners, Effective June 6, 2012

This amendment will provide guidance, diversification, effective management of financial risk and internal controls on investment decisions. Staff recommended approval.

Motion: Approve Resolution No. 1490

Moved by: Mr. Dailey

Seconded by: Ms. Davis

Mr. Anderson questioned where the form came from for the actual policy; Mr. Dailey noted that it was received from a member on the Short Term Investment Board and that this is the first one of this type. Mr. Dailey provided the procedural steps involved in this process. Ms. Davis questioned if the suggestions presented to the board were taken; Mr. Dailey noted that we did those that we thought were best. Ms. DeLine presented the next steps involved pertaining to the banks; staff will also be reviewing the Capital Improvement Plan Projects regarding purchasing short term investments.

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

Motion carried and so ordered. Resolution No. 1490 was approved.

- 5.4 No. 1491, A RESOLUTION Authorizing the Chair to Execute an Indemnity/Limitation or Remedy and Liability/Warranty Agreement (Purchase Order/Agreement) By and Between Emerson Network Power, Liebert Services, Inc. and the City of Medford, By and Through its Board of Water Commissioners, Related to the Replacement of a Capacitor at the Robert A. Duff Water Treatment Plant

A capacitor in the uninterruptible power supply at the Duff Water Treatment Plant needs to be replaced. The original system was installed approximately 12 years ago; capacitors are a "wear" item that needs to be replaced every 8-10 years. Emerson Network Power requires a signed Purchase Order/Agreement that contains an Indemnity/Limitation or Remedy and Liability/Warranty Agreement obligation. Staff recommended approval.

Mr. Anderson questioned if this is standard; Mr. Huttl noted that board approval is needed because of the indemnity clause. Mr. Fortier questioned what we are indemnifying; Mr. Huttl explained the purpose of the indemnity clause. Mr. Fortier questioned the amount of the power supply; staff thought it was about \$5,000.

Motion: Approve Resolution No. 1491

Moved by: Ms. Davis

Seconded by: Mr. Dailey

Mr. Huttl provided further clarification on this clause. Mr. Dailey questioned what we are indemnifying them on; Mr. Huttl noted that this has to do with assuming their risks. Mr. Fortier questioned what would happen if they provided us with faulty equipment; Mr. Huttl noted that in circumstance the indemnity would not be applicable. Engineer Johnson noted that this is a UPS similar to a computer and explained this would not have catastrophic consequences.

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

Motion carried and so ordered. Resolution No. 1491 was approved.

11. Propositions and Remarks from the Commissioners

None.

12. Adjourn

There being no further business, this Commission meeting adjourned at 1:07 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. Spoonts, MMC  
Deputy City Recorder  
Clerk of the Commission