

## MINUTES OF THE REGULAR MEETING OF THE MEDFORD WATER COMMISSION

July 1, 2015

The regular meeting of the Medford Water Commission was called to order at 12:31 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\*

Manager Larry Rains, Medford Deputy City Attorney John Huttli; Deputy City Recorder Karen Spoons; Administrative Coordinator Betsy Martin; Administrative Specialist Yvette Finstad; Principal Engineer Eric Johnson; Finance Administrator Tessa DeLine; Public Information Coordinator Laura Hodnett; Geologist Bob Jones; Operations Superintendent Ken Johnson; Duff/WTP Director Jim Stockton; TS Administrator Kris Stitt; CS Coordinator Barb Henderson

Guests: Medford Councilmembers Chris Corcoran and Mike Zarosinski; Central Point Mayor and Liaison Hank Williams; Central Point City Manager Chris Clayton; Central Point Councilmember Tanea Browning; Eagle Point City Administrator Henry Lawrence; Eagle Point Public Works Director Robert Miller; Phoenix Mayor & Liaison Jeff Bellah, City of Phoenix City Manager/Recorder Steve Dahl, James Work

\*Commissioner Strosser left as noted.

3. Approval or Correction of the Minutes of the Regular Meeting of June 17, 2015  
The minutes were approved as presented.
4. Comments from Audience
  - 4.1 City of Phoenix City Manager/Recorder Steve Dahl remarked that it is important to get HDR's Cost of Service Study soon so that they have time to review and comment.
  - 4.2 Phoenix Mayor Jeff Bellah stated that he came in here expecting a 10-15% recommended increase and it's much larger than anyone thought; he was sure there would be many questions coming forth.
  - 4.3 James Work, a customer who owns 28 units in Medford, requested how much he had paid in late fees over the last twelve years. Mr. Rains noted that it is in the staff report and will be presented later in the meeting. Mr. Work noted that the MWC/utility fees have gone up significantly and that Rogue Disposal does not charge late fees whereas the MWC does. He suggested the MWC get rid of late fees and penalties.
5. Written Communications
  - 5.1 Letter from the Mayor of the City of Medford  
A letter was received from Mayor Gary Wheeler on June 23, 2015 requesting the Board consider revising the Commission's water shut-off policy to include past-due City utility bills.

Commissioner Strosser remarked that the memo from Deputy City Attorney John Huttli is what he remembers about the collection of utility fees; Commissioner Anderson agreed and stated it was clear at the time that if the City did not want the utility bill added to the MWC bill the MWC will not be responsible for utility fees. He also remarked that the email from Mr. Huttli stated that it is probably illegal to tie the city utility bill payment to another separate service bill anyway. Mr. Huttli stated that he sent a copy of the email to City Manager Pro Tem Bill Hoke and City management. Commissioner Dailey thought that Mayor Wheeler just wanted the MWC to collect if both the utility and water bills were both late; Mr. Huttli noted that it is the same thing. The Board requested Manager Rains draft a letter to Medford Mayor Wheeler under the

Chairman's signature stating their decision not to be involved in the collection of past-due City utility bills.

5.2 Quarterly Letter to the Mayor and City Council

The report for the third quarter of Fiscal Year 2014-15 was provided. The Board members agreed to its contents, the Chair will sign and staff will forward the letter and relevant attachments to the Mayor and Councilmembers.

6. Resolutions

- 6.1 No. 1588, A RESOLUTION Authorizing the Manager to Distribute a Water Quality Improvement Grant to the Rogue River Watershed Council (RRWC) for the Water for Irrigation, Streams and Economy (WISE) Partners' Pre-Project Effectiveness Monitoring Project, in the Amount of \$17,548

The Rogue River Watershed Council (RRWC) applied for a water quality improvement grant from the Commission for \$17,548, which was included in the FY2014-15 budget. RRWC will be coordinating and managing WISE pre-implementation monitoring, to establish water quality conditions before construction. Approximately \$140,000 has been secured in grants and in-kind funding for this project. Staff recommended approval.

Motion: Approve Resolution No. 1588

Moved by: Mr. Dailey

Seconded by: Mr. Fortier

Commissioner Dailey questioned what we are funding; Geologist Bob Jones provided information on the grant stating that it would be to monitor the water quality before the construction occurs and that they were looking for a two year base.

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

Motion carried and so ordered. Resolution No. 1588 was approved.

- 6.2 No. 1589, A RESOLUTION Authorizing the Chair of the Board of Water Commissioners to Execute a Contract with Oregon Infrastructure Finance Authority (IFA), Related to the Disbursement of Grant Funds in the Amount of \$29,500 to the Medford Water Commission for the Rogue Basin Pesticide Collection and Disposal Project

As was reported at the June 2 meeting, the Commission was awarded a drinking water source water protection grant from Oregon Health Authority (OHA), which will be administered by the Oregon Infrastructure Finance Authority (IFA). The grant is for \$29,500, and will be used for an agricultural pesticide collection and disposal event. There will be coordination with other agencies, with much of the funding going to Oregon DEQ as payment for the disposal. Staff recommended approval.

Motion: Approve Resolution No. 1589

Moved by: Mr. Dailey

Seconded by: Mr. Strosser

Commissioner Dailey questioned if this had to do with our recent fine; staff noted that it did not.

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

Motion carried and so ordered. Resolution No. 1589 was approved.

7. Authorization of Vouchers

- 7.1 Continued Vouchers from the June 17, 2015 Board Meeting

The payment to Asante Physician Partners needed approval by either Commissioner Leigh Johnson or Lee Fortier, who were absent from the June 17 meeting; both approved.

7.2 Consideration of Vouchers for July 1, 2015 Board Meeting

Motion: Authorize the Manager and the Recorder to issue check-warrants in payment of invoices for a total amount of \$1,349,224.19

Moved by: Mr. Anderson

Seconded by: Mr. Dailey

Roll Call: Commissioners Anderson, Dailey, Fortier, Johnson, and Strosser voting yes; Fortier recused himself from the Rogue Shred vouchers.

Motion carried and so ordered.

\*Commissioner Bob Strosser left.

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

8.1 Duff Water Treatment Plant Floc/Sed Basins – The submittal review process continues. McClure and Sons have mobilized to the site. The erosion control measures are being installed.

8.2 Vilas Road 16" Water Main Inter-tie – The 16" water main has been installed and has passed the pressure test. The first 6000' of the 16" water main has passed the bacterial test and the remaining 1700' is currently being tested. Once the second portion of the 16" water main passes the bacterial test the two portions of the 16" water main will be connected. The entire trench has been paved. The final lane grinding and pavement overlay is scheduled for July 12.

8.3 Avenue H 12" Water Main Replacement – The 12" water main has been installed and has passed the pressure test. The bacteria's testing is currently under way. Upon successfully passing the bacterial testing the tie-ins to the mills will be scheduled. This should be completed late July.

9. Water Treatment Report (Water Treatment Director Jim Stockton)

9.1 June was a record month with 770 million gallons, 170 million gallons above production record of 2003. The high temperature for the month was 107 with low precipitation. Any hiccup, such as a lightning strike, could put us at fire reserves at any of our reservoirs. The plant is operating 24 hours a day.

9.2 The raw water pump #2 still has issues but we are getting capacity out of it. The control valve at the High Service pump #4 broke and it will be 6-8 weeks before parts arrive. The plant will be required to be shut down during installation. Water Treatment Director Jim Stockton stated that as the system is pushed we find weak links. He expects the maintenance budget to increase as equipment gets older.

Principal Engineer Eric Johnson stated that we are running at 41 million gallons and we have a 45 million gallon capacity; we only have a small buffer and it is important that we push our projects forward.

Commissioner Leigh Johnson noted that the recent monthly power bill for Duff was \$66,000; Mr. Stockton noted that it will be closer to \$90,000 for the next month.

10. Finance Report (Finance Administrator Tessa DeLine)

10.1 Finance is currently working on the year-end process and the monthly financial statements. April statements will be distributed early next week; May statements are expected shortly thereafter.

10.2 At the last Board meeting the Board was presented with the concept of a "fixed cost" insurance broker services agreement with Brown and Brown Northwest. The three year agreement was for approximately \$20,000 a year and locked in how much we would pay for insurance commissions. Finance Administrator Tessa DeLine contacted City County Insurance and requested information on how much was paid for commissions for the past ten years. From that it was discovered that the amount shown in the agreement was in error. The agreement has

been corrected to reflect \$14,000 a year, with a savings of nearly \$18,000 over the course of three years. This agreement was signed by Manager Rains yesterday and will be delivered to Brown and Brown later this afternoon.

Commissioner Anderson stated "well done" to Ms. DeLine.

10.3 Copies of the adopted budget were available. The Board requested this be sent to them.

11. Operations Report (Operations Superintendent Ken Johnson)

11.1 Staff has begun to bring up full flow in our pipeline #1 with full production of our spring source.

11.2 Staff replaced 30' ductile iron pipe on Ohio and added an additional valve on Court Street. The street has been paved; the sidewalk on Court Street has yet to be done.

11.3 The Cassley easement for the anode beds was successfully obtained.

Commissioner Johnson stated that he had recently drove up Jackson Street and noticed a lot of water coming from somewhere; he was pleased to report the MWC crew was working on the problem and the water had been shut off.

12. Manager/Other Staff Reports

12.1 Staff Report on Customer's Account

Customer James Work attended the June 17 Board meeting to discuss his water bill and late charges. Customer Service Coordinator Barb Henderson stated that staff has reviewed his account and reported that we don't shut off water until the bill is 2 ½ - 3 months late. Mr. Rains noted our policy is lenient and the solution is to have Mr. Work pay his bill on time.

Commissioner Dailey questioned if we can consolidate his bill; staff noted the billing cycle is different due to various addresses throughout the city. Commissioner Johnson thought we could send a letter explaining the process and that we will continue to assess late fees. Commissioner Dailey noted this is a drain to staff as well.

12.2 Consideration of Staff's Draft Letter to the Medford Airtanker Base (MATB)

After discussion at the last meeting on June 17, staff was directed to prepare a letter for Board review, which would set forth costs and conditions of service for the airtanker base. The base is using hydrant devices again this year to assist with firefighting efforts. MATB had requested a letter from the Commission, which could be used in their efforts to obtain grant funding for installation of a permanent water facility. Staff recommended approval.

The Board discussed the letter and agreed with staff's response.

12.3 VISA Payment Request

Staff received a request to use an airline points VISA for development charges of approximately \$111,000. Staff was unsure what the charges would be to the Commission as it could be the utility charge (less than a percent but a higher transaction fee) or a regular rate (regular interchange rate) and is dependent on the type of credit card used. Staff would like to recommend on setting a limit on credit card usage although TS Administrator Kris Stitt noted that we might not be able to set limits. Questioned was the rates/rules and the fees passed to the consumer. Mr. Rains noted that the customer wants airline points and this would cost the MWC \$3,000. Mr. Dailey requested Attorney Huttl look at these issues. Board directed the initial request for now will be denied. The Board also asked Mr. Stitt and Mr. Huttl to investigate further into the rules and options available.

12.4 Joint Meeting with City Council

Mr. Rains stated that the City Council would like to meet with the MWC either August 6 or 20 at 6 p.m. Mr. Anderson questioned what this is about; Medford Councilmember Corcoran noted that this was at his request pertaining to MWC cash flow issues which were presented a few weeks ago and wanting to keep the Council informed. Commissioner Johnson stated he would not be here in August and would prefer to meet sometime in September or later, either at noon or in the evening.

12.5 Fuel Issue

Mr. Rains reported that staff checked with Emergency Management Coordinator Larry Masterman pertaining to fuel during an emergency; Mr. Masterman stated the City has enough fuel to fill gas powered vehicles for six weeks. Operations Superintendent Johnson requested all vehicles have to ¾ fuel at all times in Commission vehicles. Backup with a card system at Pacific Pride could be an option. Staff will report back as more information becomes available.

12.6 Mr. Rains remarked that two Board members are needed for the August 12 Workshop on Water Rates held at the Duff Water Treatment Plant. Both Mr. Anderson and Mr. Johnson stated they would not be available. Mr. Dailey stated he could be available. Mr. Rains to check with Commissioner Strosser; if he is not available he would check with Commissioner Fortier.

13. Propositions and Remarks from the Commissioners

13.1 None

14. Executive Session in Accordance with ORS 192.660(2)(d), to conduct deliberations with persons designated by the governing body to carry on labor negotiations.

The Board adjourned to executive session at 1:21 p.m.

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The Board reconvened at 1:37 p.m. with the same members present except Bob Strosser and Jason Anderson.

15. Adjourn

There being no further business, this Commission meeting adjourned at 1:38 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  
Deputy City Recorder  
Clerk of the Commission