

MINUTES OF THE REGULAR MEETING OF THE MEDFORD WATER COMMISSION
JULY 7, 2010

The regular meeting of the Medford Water Commission was called to order at 12:30 p.m. on the above date at Medford City Hall Lausmann Annex, Room 151/157.

The following commissioners and staff were present:

Acting Chair Tom Hall; Commissioners Jason Anderson, Cathie Davis, Don Skundrick

Manager Larry Rains; Deputy City Recorder Karen Spoons; Administrative Coordinator Betsy Martin; Engineer Eric Johnson; Public Information Coordinator Laura Hodnett; Water Quality Superintendent Bob Noelle; Operations Superintendent Ken Johnson; TS Coordinator Kris Stitt; Staff Engineer Rodney Grehn

Guests: Medford Councilmember's Bob Strosser and Jim Kuntz; Medford Deputy Fire Chief Kurt Bennett; Central Point Councilmember Kay Harrison; Eagle Point Mayor Leon Sherman

Commissioner Leigh Johnson was absent.

2. Approval or Correction of the Minutes of the Last Regular Meeting of June 16, 2010
Approved.

3. Comments from Audience

- 3.1 Eagle Point Leon Sherman commented that they are still receiving complaints pertaining to their water tower.

- 3.2 Medford Councilmember Bob Strosser commented that he has attended the WISE meetings and stated that temperature variants are still an issue; the City of Medford is still supportive of this project.

4. Written Communications

- 4.1 Letters from ACCESS, Inc. and the Society of St. Vincent de Paul

Thank you letters were received from two of the agencies that receive annual grants from MWC for utility bill payment assistance; the Salvation Army also received those funds. The \$3,000 grants are included in the MWC budget and the agencies each manage their own screening and disbursement processes.

Commissioner Hall questioned if this grant also pays for the utility portion of the bill; Manager Rains noted that it is for the water portion of the bill but the MWC does not monitor the payment assistance program.

5. Authorization of Vouchers

Motion: Authorize the Manager and the Recorder to issue check-warrants in payment of invoices for a total amount of \$1,188,559.53.

Moved by: Ms. Davis

Seconded by: Mr. Skundrick

The Board questioned payments to C&C Tires, Dry Creek Landfill, Jack Henry and Associates, and Northwest Mail Services.

Roll Call: Commissioners Davis and Hall voting yes; Anderson recused himself from the Knife River and C&C Tires vouchers; Skundrick recused himself from the Knife River voucher. The Knife River voucher will be continued to the July 21, 2010 meeting for a confirmed quorum approval from Commissioner Johnson.

6. Engineer's Report

- 6.1 Duff Water Treatment Plant Fish Screens – The clam shell excavation of the river bottom is done. The debris deflector and the spool that holds the Tee screen is installed. The sluice gate is being installed; the Tee screen is scheduled to be installed this afternoon.

- 6.2 Duff Water Treatment Plant Operation Remodel – Staff has returned the 90% plans and

specification to KSW for revisions; these should be back to us within the next two weeks.

- 6.3 Jackson County Project Ross Lane – Approximately 4,000' of the 12" water main has been installed. Phases 5 through 2 are complete and in service. There is one phase left and multiple tie-ins to cross street yet to be done.
- 6.4 Control Station Upgrades – CH2M HILL continues to work on the 90% design plans and specifications.
- 6.5 Ave G 48" Transmission Main – Thornton Engineering has submitted a 95% draft of the pre-design technical memorandum to staff for final review.
- 6.6 Coker Butte and Owens – Water main construction has begun on the Owens portion of the project. About one quarter of the project is complete.
- 6.7 Big Butte Springs #1 Transmission Main – MWC has tentatively scheduled the repair work for late July.
- 6.8 11th Street 36" Water Transmission Main – Staff has received the 90% construction plans and is currently reviewing them.

Commissioner Skundrick questioned one of the photos pertaining to the person in the photo; staff noted it was not a MWC employee.

7. Water Quality Report

- 7.1 The Rogue source production for June was 401.08 MG, about average for June. System demand has been increased sharply in recent days due to hot weather.
- 7.2 On June 25 the MWC had a problem with the chlorine feed system on the Big Butte Springs #1 transmission line that resulted in the loss of chlorination for approximately five hours. The 42 customers on the #1 pipeline were notified by telephone, and the un-treated water was diverted prior to entry into the distribution system. Samples of the un-chlorinated water showed that no coliform bacteria were present, and thus no health risk.

Drinking water regulations require continuous disinfection of the groundwater source, and the incident was technically a treatment technique violation. While the State Drinking Water Program will not be formally logging the incident as a violation, the incident requires that a Tier Two Public Notice be delivered to affected customers within 30 days.

Staff is working to resolve some lingering design issues with the new sodium hypochlorite feed system at BBS.

8. Finance Report
None.

Commissioner Hall noted that short term investments went up by 2 million dollars last year.

9. Operations Report

- 9.1 The MWC went to full pipe on June 30, which takes about four hours to accomplish this. Staff did a great job on this project.
- 9.2 Rancheria Pump Station - Rancheria generator photos were shown.

- 9.3 Service Center Project – The awning was hung today; sign and gutter yet to be done.
- 9.4 Service Center Inventory – Inventory will be done tomorrow at the Service Center. Commissioner Skundrick questioned how long the process takes; Operations Superintendent Johnson noted that it could take about five hours and that inventory is done twice a year.
- 9.5 ODOT Projects – Staff has many ODOT projects pertaining to abandoning lines; staff hopes to accomplish this during the day hours.
- 9.6 Angelcrest Pump Station – Staff received numerous calls pertaining to deer being locked in the fenced station. Staff has been there several times to let them out, although they can get out by jumping over the fence. Fish & Wildlife said it was safe for the deer to be in there but suggested checking on them in about a week.

10. Manager/Other Staff Reports

10.1 Consider City of Medford Proposal Regarding Utility Billing Cost Re-Allocation

At the joint study session held June 17 which was attended by Commissioners Anderson, Hall, and Johnson, City staff proposed changes in the way costs for billing are allocated and calculated. The City also has proposed a six-year intergovernmental agreement (IGA) that would formalize the utility billing costs. The IGA should also include indirect costs paid to the City, as well as the heretofore informal, process relating to franchise fees. MWC staff requested direction from the Board regarding modification of the allocation methodology and, if approved, terms of the proposed IGA with the City.

Commissioner Skundrick questioned the board members who attended what their thoughts were. Commissioner Anderson thought the fees given by the City were reasonable; Commissioner Hall expressed his agreement as well.

MWC Board agreed to the City's proposed reallocation.

The MWC staff's opinion that the annual increase of utility billing costs should reflect the actual time, labor, materials, and equipment expended, as currently published on Page 9 of the Budget. It should not be tied solely to an annual inflation index such as the CIP. Staff noted that it has always been tied to the actual cost. The Board agreed with staff and requested that it start with the next budget year, giving the City time to budget for it.

Other contractual parameters, based on those suggested in the City Memo, Page 2, were prepared by MWC staff for Board consideration:

- The City would be able to change utility fees once per calendar year in March with any additional changes during the year being billed on a time and material basis at an hourly rate of \$63. MWC Board agreed.
- The City would remit 1/12th the computed annual utility billing cost share each month to the Commission. MWC Board agreed.
- If the City requests other billing services of MWC, the City will be charged an hourly rate of \$63 for services. MWC Board agreed.
- The City may request information needed to conduct an audit of City customer accounts at any time at an hourly rate of \$63 for the service. MWC Board agreed.

- Effective July 1, 2010, the City has taken over the responsibility for the billing and collection of all City customers that do not have water service. MWC Board agreed.
- While some utility bills are paid within two weeks of being sent, a large portion of the bills are paid between two weeks and as far as 12 weeks later. The MWC will continue to remit utility billing amounts collected on behalf of the City on a monthly basis which are and have always been in advance of actual collections by MWC. If the last month's billed amounts for all customers is available by the first board meeting of the following month a remittance will be made, if not it may have to occur on the second board meeting of the month, still in advance of a large portion of the paid accounts. MWC Board agreed to leave as is.
- MWC staff recommended remaining silent on the issue of billing error responsibility and reimbursement of lost revenue unless specific liability insurance is obtained by MWC and costs of such insurance are paid for by the City. MWC Board agreed to leave as is.
- MWC will notify the City if and when it moves a customer from one billing cycle to another. MWC Board agreed.
- The City has proposed a six-year IGA to begin on July 1, 2011, which would include utility billing/collection costs, indirect costs, and franchise fees related to MWC and the City. The City agrees to pay \$592,000 annually for the utility billing/collection costs or the amount calculated under the revised methodology, to be published in the Commission's annual budget on Pages 8 and 9, whichever is more and all as outlined above. The indirect costs are yet to be determined between MWC and City staff at this time. The franchise fee is based on the City's water use. MWC Board agreed.

Further issues listed in the City Memo, Page 2:

- The "exchange of water use for franchise fee" process has not been included in any written agreement but began around 1977 with concurrence of both MWC and the City. It should be included in the proposed IGA. The franchise fee should remain as has been previously determined, based on the City's water use during the prior calendar year, and will continue to be paid monthly by MWC. MWC Board agreed.
- The FY 2010-11 indirect cost allocations, yet to be determined, could be increased (but not decreased) annually for inflation by basing them on the CPI-Pacific Cities and US City Averages for Urban Wage Earners and Clerical Workers, using the preceding year's 12-month average (January through December) of West Cities. The indirect cost allocations, however the inflation rate is annually calculated, would be included in the referenced six-year IGA. MWC Board is open to City suggestions.
- Although the IGA has not been prepared and finalized yet, a verbal agreement to proceed with processing and payment of billing costs to MWC in the amount of \$592,000 annually (paid in \$49,333 monthly installments) will be initiated. Assuming that the IGA will move forward quickly, the FY 2010-11 indirect cost monthly payments will continue to be on hold until the amounts are agreed upon and then collectively caught up to date and paid. MWC Board agreed.
- MWC staff will prepare a draft IGA as soon as possible that will cover the above-noted issues and will be reviewed by MWC Attorney John Huttli. The draft will be presented to the MWC

Board for review and then to City staff for their input. Once the agreement has been reviewed and approved by both MWC and City staff it will be presented to the Board of Water Commissioners and City Council for formal ratification. MWC Board agreed.

- 10.2 The U.S. Forest Service would like to pull water from Willow Lake for fire usage and would like a contract with the MWC. The board requested that the contract be reviewed by MWC Attorney Huttli.
- 10.3 The Board had previously questioned if a motion was need for the insurance payment; Manager Rains noted that it is within his signing authority through the agent of record contract.
- 10.4 The Water Forum will be on July 22 with the topic of intake and water rates; Commissioner Skundrick and Councilmember Strosser agreed to attend.
- 10.5 An email was received from District Director Rob Patridge of Congressman Greg Walden's office requesting a meeting pertaining to Elk Creek; staff will coordinate scheduling a meeting with them and Commissioner Johnson.

11. Propositions and Remarks from the Commissioners

- 11.1 Commissioner Skundrick noted that he had friends who went on the MWC tour and appreciated it.

12. Adjourn

There being no further business, this Commission meeting adjourned at 1:19 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, CMC
Deputy City Recorder
Clerk of the Commission