

MINUTES OF THE REGULAR MEETING OF THE MEDFORD WATER COMMISSION

August 5, 2015

The regular meeting of the Medford Water Commission was called to order at 12:30 p.m. on the above date at the Robert A. Duff Water Treatment Plant, with the following commissioners, staff and guests present:

Vice Chair Lee Fortier; Commissioners Jason Anderson, John Dailey, Bob Strosser

Manager Larry Rains, Medford Deputy City Attorney John Huttli; Administrative Coordinator/Acting City Recorder Betsy Martin; Staff Engineer Rodney Grehn; Finance Administrator Tessa DeLine; Public Information Coordinator Laura Hodnett; Geologist Bob Jones; Operations Superintendent Ken Johnson; Duff/WTP Director Jim Stockton; Construction Administrator Andy Huffman

Guests: Medford Councilmembers Chris Corcoran and Mike Zarosinski; Central Point Mayor and Liaison Hank Williams; Central Point City Manager Chris Clayton; Eagle Point City Administrator Henry Lawrence; Eagle Point Public Works Director Robert Miller; City of Phoenix City Manager/Recorder Steve Dahl; Scott Crawford, Site Superintendent for McClure & Sons

Commissioner Leigh Johnson was absent.

2. The Pledge of Allegiance was given.
3. Approval or Correction of the Minutes of the Regular Meeting of July 15, 2015
The minutes were continued to the August 19, 2015 meeting.
4. Comments from Audience
 - 4.1 On behalf of the six other cities served by the Commission, City of Central Point City Manager Chris Clayton submitted a letter and report, which included comments and questions related to the cost of service analysis produced by Commission consultant HDR, Inc. The other cities have held meetings and obtained assistance from consultant RH2 Engineering in formulating the letter. Mr. Clayton requested that any information in turn needed by Commission staff or HDR be forwarded to the other cities prior to the first workshop next week, if possible. He noted that one workshop may be sufficient for a review of the technical information. In lieu of a second workshop, the other cities would like the board to consider another study session on the topic. Board members thanked the other cities for their timely response; Manager Rains distributed copies of the letter and report to the commissioners and staff.
5. Written Communications
 - 5.1 Letters from ACCESS, the Salvation Army and St. Vincent de Paul
Funding request letters have now been received from all three agencies that receive annual grants from the Commission for low-income, water bill payment assistance. The grants have been included in the Commission's budget since 2003, and were increased to \$5,000 for each agency in 2014. All three agencies received \$5,000 grants late in Fiscal Year 2014-15 (April), and all still have funds available at this time (a report from Salvation Army was provided at the meeting). Staff met with agency representatives last spring to discuss disbursement of the Commission's grant funds, and learned that their policies limit how often a client can request assistance. Staff suggested that the agencies allow their clients to apply for payment assistance to avoid water service shutoff, regardless of any assistance for other bills. Staff also discussed with ACCESS the possibility of expanding the scope of its assistance to include the location and repair of water leaks. They were very interested in offering this service to low-income clients, and have contractors that can coordinate and/or perform this work. Mr. Rains recommended rebalancing the accounts every July going forward, basing disbursements on the agencies' balances at that time.

Staff recommended the following grants for FY1516:

- ACCESS: **\$0** (Based on a current balance of ~\$5,000)
- Salvation Army: **\$2,400** (Based on a current balance of ~\$2,600)
- St. Vincent de Paul: **\$1,000** (Based on a current balance of ~\$4,000)

The screening of applicants and distribution of funds are handled by each agency.

Commissioner Dailey suggested that clients of Salvation Army and St. Vincent de Paul who need assistance with water leaks be referred to ACCESS.

Commissioner Anderson supported the modifications to the funding process as fiscally responsible, and hopefully would encourage the agencies to distribute the funds.

Motion: Authorize the Manager to disburse low income assistance grants for water bill payments from the approved FY2015-16 budget, as listed and recommended by staff.

Moved by: Mr. Dailey

Seconded by: Mr. Strosser

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

Motion carried and so ordered.

6. Authorization of Vouchers

6.1 Consideration of Vouchers for August 5, 2015 Board Meeting

Motion: Authorize the Manager and the Recorder to issue check-warrants in payment of invoices for a total amount of \$1,375,855.05

Moved by: Mr. Dailey

Seconded by: Mr. Anderson

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

Motion carried and so ordered.

7. Engineer's Report (Staff Engineer Rodney Grehn)

7.1 Duff Water Treatment Plant Floc/Sed Basins – Excavation of the earthen lagoons is complete. Contractor is currently installing engineered fill and will begin the initial concrete pour within the next two weeks. Pipe materials are on-site for the under drains.

7.2 Vilas Road 16" Water Main Inter-tie – The project is complete; authorization for final payment approved today.

7.3 Avenue H 12" Water Main Replacement – The project is complete; authorization for final payment approved today.

7.4 Highway 62, 14" Water Main Re-Route – Request for quotation was delivered today to 12 local pre-qualified contractors for excavation work. The mandatory pre-quote meeting is scheduled this Thursday, at 2:00 p.m., at Service Center. Quotes will be accepted until 4:00 p.m. on August 13. The Commission's work will be completed by end of August.

7.5 Updates of the Commission's Master Plan Documents - Staff members have completed the first review of CH2M HILL's scope of services for the updates to the three master plans. The second round of staff edits will be returned to the consultant next week.

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

8.1 July 2015 Production – 747 MG. The highest July on record was in 2003 at 823 MG. The ten-year average is 716 MG.

- Precipitation was 0.29 inches;

- High temperature was 109 degrees, with an average high of 94 degrees;
 - Highest instantaneous demand was 94 MGD, which was considered very high.
- 8.2 Raw Water Pump #2 – Staff continues to work on warranty problems. The necessary contractors and vendors met to evaluate the issues; one of which has now been resolved. The pump is still usable and the problems have not impacted production.
- 8.3 Ozone Generator #2 – A leak was discovered last Friday in the high voltage bushing. Ozone migrated into the power supply cabinet, impacting the power regulation components. An emergency contract has been issued for an ozone equipment specialist to help reestablish the factory seal and evaluate the electronics for any oxidation damage. Initial costs will be \$4,700; costs for materials will be additional. With redundant generators, the ability to generate sufficient ozone has not been impaired.
- 8.4 Raw Water Pump #5 – In the early morning hours of August 4, the pump's variable frequency drive (VFD) experienced a catastrophic part failure, causing physical damage to the connectors and destroying the drive. The damage was not evident from the outside of the cabinet. Plant staff attempted to reset the tripped main breaker, causing the breaker to fail due to an arc flash and become inoperable. Costs associated with this repair are still being determined, with a replacement VFD at around \$20,000. Staff is anticipating another \$5,000 - \$10,000 in additional costs. Staffs' ability to meet production demands has not been limited. Commissioner Anderson questioned staffs' access to ozone equipment experts; Mr. Stockton noted three companies in the US. The Commission's contractor Ozone Water Systems has service staff located in California.
9. Finance Report (Finance Administrator Tessa DeLine)
- 9.1 Financials – May statements were expected to be emailed to the board today.
- 9.2 Audit Preparation – Currently working on the year-end general ledger.
- 9.3 Software Issues – Problems with fixed assets and customer mapping have been corrected; only a few more items remain to be resolved.
10. Operations Report (Operations Superintendent Ken Johnson)
- 10.1 Valves – Crews continue to provide valve lowering and loosening for City street projects; there are around 25 valves that need adjustment for the Table Rock overlay project. Traffic control and night work will be involved. There also will be a similar project on Biddle Road.
- 10.2 Inventory – Staff is ensuring adequate stocks of brass and copper with two large orders. Staff currently keeps only minimal amounts on hand and tries to anticipate developers' needs for subdivision work.
- 10.3 Hydrant Painting – Quotes were solicited and two were received; a contract will be issued this week to the painter offering the lower cost. The contract period will begin August 21; this was a budgeted item. Commissioner Strosser questioned if the low quotation was within the approved budget. Mr. Johnson explained that staff budgeted \$50,000 for this fiscal year, which in recent years has covered around 700 hydrants. The cost will be lower this year, so additional hydrants could be painted. Mr. Rains noted \$60 per hydrant last year; this year it will cost \$47.50 each. The costs cover hydrant preparation and cleaning, contractor liability insurance, labor for painting and paint materials.
11. Manager/Other Staff Reports
- 11.1 Workshop I – Cost of Service Analysis
Mr. Rains pointed out the highlighted calendar items on Page 2 of the agenda. The first workshop will be held at the Robert A. Duff Water Treatment Plant at 1:30 p.m., and was

scheduled for two hours. The session can be extended until 5:00 p.m. A second workshop has been scheduled on September 9, also at the plant; however, based on Mr. Clayton's comments earlier, that meeting may be cancelled and replaced with a study session.

11.2 Joint Meeting with City Council

Mr. Rains reminded the board of the meeting planned for Thursday, October 8 at 11:30 a.m., at the Carnegie Library.

12. Propositions and Remarks from the Commissioners

12.1 Commissioner Dailey questioned the possibility of generating power in the water lines as other water utilities are doing. Mr. Rains noted that the Commission had looked into this in the past. With recent technology improvements, it may be time for an updated review. Principal Engineer Eric Johnson will explore the feasibility. Eventually, a consultant would need to be hired for a more detailed analysis. It was mentioned that Portland Water Bureau is generating in-pipe hydropower. Mr. Rains noted that the process would have to work with the hydraulics of the Commission's system.

12.2 Commissioner Dailey suggested that with the predicted cash-flow challenges due to the flocculation/sedimentation project, staff should explore bonding to smooth out the cash "crunch". Mr. Rains pointed out that the proposed rate increases were not due to the floc/sed project or cash flow issues. Commissioner Dailey questioned why rate increases had been proposed; Rains explained that rates were being increased to pay for the true cost of producing water. Finance Director Tessa DeLine noted that the floc/sed project wouldn't affect rates until the project was capitalized; however, bonding could help to smooth out rate increases for a longer time span. Mr. Rains commented that staff has not been through the bonding process, but has discussed it with the City Finance Director Alison Chan. She has offered to give the board a Q & A session on bonding. Commissioner Strosser commented on the importance of examining all of the options. Board members were in general agreement and directed staff to schedule a study session on bonding in September.

13. Executive Session in Accordance with ORS 192.660(2)(e), to deliberate with persons designated by the governing body to negotiate real property transactions.

The Board adjourned to executive session at 12:55 p.m.

The Board reconvened at 1:09 p.m. with the same members present.

14. Adjourn

There being no further business, this Commission meeting adjourned at 1:10 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.

Betsy Martin
Acting City Recorder
Administrative Coordinator
Medford Water Commission