

MINUTES OF THE REGULAR MEETING OF THE MEDFORD WATER COMMISSION

September 16, 2015

The regular meeting of the Medford Water Commission was called to order at 12:40 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 Lee Fortier, John Dailey, Bob Strosser

Manager Larry Rains, Medford Deputy City Attorney John Huttli; Administrative Coordinator/Acting City Recorder Betsy Martin; Principal Engineer Eric Johnson; Finance Director Tessa DeLine; Public Information Coordinator Laura Hodnett; Operations Superintendent Ken Johnson

Guests: Medford Council Liaison Chris Corcoran and Finance Director Alison Chan; Central Point Liaison Mayor Hank Williams and City Manager Chris Clayton; Eagle Point City Administrator Henry Lawrence; Phoenix City Manager/Recorder Steve Dahl

Commissioner Jason Anderson was absent.

2. The Pledge of Allegiance was given.
3. Approval or Correction of the Minutes of the Regular Meeting of September 2, 2015
The minutes were approved as presented.
4. Comments from Audience
 - 4.1 Phoenix City Manager/Recorder Steve Dahl commented on the Phoenix bond measure as well as a diesel fuel tax, which was passed last night by voters.
5. Authorization of Vouchers
 - 5.1 Consideration of Vouchers for September 16, 2015 Board Meeting

Motion: Authorize the Manager and the Recorder to issue check-warrants in payment of invoices for a total amount of \$387,838.69

Moved by: Mr. Fortier

Seconded by: Mr. Dailey

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

Motion carried and so ordered.

6. Engineer's Report (Principal Engineer Eric Johnson)
 - 6.1 Robert A. Duff Water Treatment Plant Floc/Sed Basins – The floor of the sludge vault was poured last Thursday. Formation of the walls, tying of the reinforcing bars and installation of electrical conduit are underway. Pipe spools for the sludge lines are being set in the walls; the lines will be located under the basins.
 - 6.2 Highway 62, 14-Inch Water Main Re-route – Consultant OBEC continues to work on the redesign of the sign post base.
 - 6.3 Updates of the Commission's Master Plan Documents - The contracts from CH2M HILL are under review by Medford Deputy City Attorney John Huttli, due to the consultant's request for modifications to the Commission's standard contract. Preliminary data are being gathered.
 - 6.4 City of Medford Project/Lozier Lane - Staff are currently working with the City on the project, which extends from West Main Street to Stewart Avenue. The facilities consist of a mixture of Commission and Jacksonville Highway Water District (district) water mains. The district has

been notified of the project and has declined to participate. This information has been passed to the City and Jackson County (County) for comment. The water mains date from 1938, 1959 and 1965, and are undersized for residential, commercial and fire protection. Staff recommends replacing the Commission's portion, and is seeking board direction concerning the shared water mains.

Mr. Johnson displayed a map of the project area. The County may have the authority to require the water district's participation. The project continues to move forward. Lozier Lane is a County road; however, the City has obtained federal funding for the improvements, which will be administered by the Oregon Department of Transportation. The City will design and build the project and once it meets City standards, the roadway will become its responsibility.

Commissioners Dailey and Johnson discussed the Commission's role. Mr. Johnson pointed out that the Commission typically takes advantage of opportunities to partner on facility improvements. It would be beneficial to the system as well as more cost effective for the Commission to do the upgrades as part of this project. Staff discussed the Commission's standards and the size of existing waterlines. The area is currently zoned residential.

Mr. Rains noted that it is a complicated issue. The Commission offered to pothole and investigate potential conflicts in the roadway; however, the district declined. The district's costs could exceed \$400,000, which they have indicated they can't cover. The Commission's costs have been estimated at \$320,000.

Staff wanted to inform the board today; no specific direction is needed at this point. The commissioners and staff discussed the two segments of work from West Main Street to Prune Street: the total length is around 1,900 feet. The costs of this project were not included in the Commission's Fiscal Year 2015-16 budget; however, construction is not scheduled until late next summer; so, the costs could be included in next year's budget.

Operations Superintendent Ken Johnson pointed out that the service lines would also need to be replaced. Medford Council Liaison Chris Corcoran questioned if the Commission could loan the district funds to cover the costs. Mr. Rains indicated that there may be other options. There are 350 customers in the district, with around 50 on the affected waterline.

Mr. Johnson read the email communication from the district's attorney John Blackhurst. Commissioner Dailey and staff discussed the possibility of the district dissolving and the consequences. Mr. Rains and Huttli reviewed some of the Commission's options. Huttli noted that disbanding a water district is usually by mutual agreement; the district currently appears to be in a wait-and-see mode. Lozier Lane is a County road under the City's jurisdiction; however, the City won't accept responsibility until the facilities have been improved to City standards. After completion, the City will maintain the road.

Mr. Huttli noted that numerous conflicts in the roadway are anticipated, particularly storm drains. The project presents an opportunity for the Commission to save money. Lozier Lane will be improved from West Main Street to Stewart Avenue, at a total cost estimate \$700,000. The Commission has standard facilities installed at either end of the road. Commissioner Johnson noted the need for further discussion in several weeks. The commissioners and staff discussed budgeting for the project, and the location of the urban growth boundary. There is no plan to annex the area into the City. The water district's options were discussed along with County requirements. The commissioners requested staff to obtain more information for discussion at a future meeting.

7. Water Quality Report (Water Quality Director Rosie Pindilli)
Absent attending a meeting.

8. Finance Report (Finance Director Tessa DeLine)
 - 8.1 Audit Preparation – The audit is scheduled to begin on October 19; problems have been discovered related to inventory valuation; staff is working with software developers to resolve by end of this week.
 - 8.2 New Hire – The finance support technician replacement will start work on October 1.
9. Operations Report (Operations Superintendent Ken Johnson)
 - 9.1 Beam break on Barnett Road – Repairs were made yesterday to a 1956, 10-inch, cast-iron pipe; the leak was reported by many customers. The waterline failed due to stress at the point where it rested on hard pan.
10. Manager/Other Staff Reports
 - 11.1 Letter from the City of Central Point
Central Point City Manager Chris Clayton submitted a letter to the Commission at the meeting today; copies have been distributed to the commissioners. The letter includes additional comments related to the cost of service analysis; a copy will be forwarded to consultant HDR.
 - 11.2 Retirement Donations
Mr. Rains noted that typically, the Commission gives its employees a pipe plaque upon their retirement. A request has been received from an employee for a donation to Water for People (WFP) in lieu of the plaque. Mr. Rains wanted the board's approval prior to including the payment in the vouchers. It was noted that a past board member had made a donation to WFP; in his case, it was in lieu of the value of a formal retirement dinner. The donation would be within the Manager's purchasing authority and no motion of the board was needed, just general direction. Mr. Rains suggested an amount of \$500 in lieu of both the plaque and a dinner, which the employee also declined. Mr. Rains confirmed that WFP is a non-profit organization and that the donation would be made in the name of the retiring employee; the Commissioners agreed with the suggestion.
 - 11.3 Real Property Transaction
Mr. Rains requested a board motion for purchase of the parking lot property, at the price that had been negotiated in good faith with the property owner. The cost of a survey has been estimated much higher than anticipated. The property has been recently surveyed and there is a legal description. Mr. Rains recommended not doing the survey. The title company needs a formal action by the board.

Motion: Authorize the Manager to proceed with the purchase of the parking lot property, a 40-foot by 80-foot lot, in the amount of \$47,000.00, with no survey required, splitting all closing costs equally with the seller, and authorizing the Manager to execute the purchase through a title company.

Moved by: Mr. Strosser

Seconded by: Mr. Dailey

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

Motion carried and so ordered.

12. Propositions and Remarks from the Commissioners

12.1 Debt Financing

The commissioners requested another study session on bonding; Mr. Rains noted that the next session is related to the cost of service study and could affect the schedule of a public hearing. The commissioners and staff discussed the best date, considering staff's time commitments to the annual audit. The commissioners requested a presentation of information detailing rate impacts of bonds in the amounts of \$10 and \$15 million. Ms. DeLine questioned disbursement scenarios and Commissioner Dailey suggested aligning payments with phases of construction. City Finance Director Alison Chan pointed out that the draws can be structured; however, the key is the repayment schedule; the board discussed a 20-year bond. She reviewed the time

needed to prepare the official statement and how soon the money would be available. Staff offered to present a study session on November 4.

12.2 Joint Meeting with City Council

The Commissioners were reminded of the meeting on Thursday, October 8, at 11:30 a.m., at the Carnegie Library.

12.3 Water Quality Testing

Manager Rains referred back to the water quality report that had been included in the Commissioners' folders, noting results from the testing, which had been requested by the Board. Copper levels at the Annex breakroom sink tap were elevated but did not reach the action level (AL). However, lead levels at the hydrant next to the building exceeded the AL; that facility was re-tested, along with other hydrants in the area. The other hydrants had low lead levels. Staff is planning to investigate the hydrant. All hydrants had elevated iron levels. The chlorine residual at the breakroom tap was not detected for an extended period of time, which was longest on Monday after the weekend. The chlorine residual increased more quickly on the follow-up test mid-week; bacteriological tests were negative. Overall, the results were good with the exception of high lead at one hydrant; Mr. Rains noted the importance of flushing the line after the weekends. The Commissioners expressed interest in hearing staff's recommendations, and commented on the iron and lead results from the hydrants. Staff discussed the type of packing materials in the hydrants, and pointed out that other hydrants of the same manufacturer and age had low lead levels.

12.4 Cost of Service Study Workshops

Commissioner Dailey commented on the two meetings. He praised consultant HDR on their work and outstanding product; the presentations have been exceptional and the methodology is credible. HDR's participation has helped the process in providing objectivity. Commissioner Strosser, who also attended both workshops, noted the open airing of concerns, which benefitted all parties.

13. Adjourn

There being no further business, this Commission meeting adjourned at 1:22 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