MEDFORD WATER

Meeting of the Board of Water Commissioners

Wednesday, December 2, 2026 – 12:15 p.m.
Medford Police Department Prescott Room
219 S. Ivy Street, Medford, Oregon 97501

This meeting will be held in person, but you may attend virtually; see the instructions on page 2.

AGENDA

12:00 p.m. LUNCH

12:15 p.m. BOARD MEETING

1. **Roll Call**

2. **Pledge of Allegiance**

3. **Comments from the Audience**
   Comments will be limited to 4 minutes per individual, group, or organization; please state your name and organization (if applicable) when prompted.

4. **Public Hearings**

   4.1 Consider Resolution No. 2047, A RESOLUTION Prescribing and Establishing Rates for the Use and Sale of Water from the Municipal Water System of the City of Medford, Oregon, Within and Without Said City, to Intermittent Users, and to Special Outside Customers, Repealing All Prior Rates in Conflict Herewith and Providing That the Modifications as Set Forth in the 2026-2027 Cost of Service Study Shall Become Effective on March 1, 2027, and March 1, 2028

5. **Approval or Correction of the Minutes of the Last Regular Meeting of November 18, 2026**

6. **Resolution No. 2048, A RESOLUTION Authorizing Medford Water to Transition from an Annual to a Biennial (Two-Year) Budget, Beginning with the July 1, 2027 – June 30, 2029, Budget Period**

7. **Resolution No. 2049, A RESOLUTION Awarding and Authorizing the General Manager to Execute an Enterprise Licensing Agreement with Microsoft through Software House International for Subscription Software and Services for a 3-Year, Not to Exceed Amount of $390,262.17**

8. **Leadership Team Reports**
   Leadership Team staff will be present and may provide information: Engineering Manager Brian Runyen, Water Operations Manager Dan Perkins, Finance Manager Beau Belikoff, Information Technology Manager Kris Stitt, Human Resources Manager Tanya Haakinson, Water Resources & Customer Service Manager Julie Smitherman, and General Manager Brad Taylor.

9. **Propositions and Remarks from the Commissioners**

10. **Adjourn**

Meeting locations are generally accessible to persons with disabilities. To request interpreters for hearing impaired or other accommodations for persons with disabilities, please contact our office at (541) 774-2440 or water@medfordwater.org at least three business days prior to the meeting to ensure availability. For TTY, dial 711 or (800) 735-2900.

DATES TO REMEMBER*					
DATE	**DAY**	**TYPE OF MEETING**	**STUDY SESSION TIME & TOPIC**	**REGULAR MEETING**	**LOCATION**
12/16/26	Wed	Board Meeting	Annual Audit	12:15 p.m.	Prescott Room, Police Dept
Friday, December 25, 2026 – Offices closed in observance of the Christmas Day Holiday					
Friday, January 1, 2026 – Offices closed in observance of the New Year's Day Holiday					
1/6/2027	Wed		NO MEETING		
Monday, January 18, 2027 – Martin Luther King Jr. Day – Offices closed					
1/20/27	Wed	Board Meeting	Watershed Update	12:15 p.m.	Prescott Room, Police Dept

**Meeting dates, times, and locations are subject to change.*

INSTRUCTIONS FOR ATTENDING THIS MEETING VIRTUALLY

To join by computer, click the following link:
https://us02web.zoom.us/webinar/register/WN_R5wpUR6lTV6vMjhpRK81tA
Meeting passcode: 922475

To join by phone, call:
(669) 900-6833
Meeting ID Number: 843 1638 8512 Meeting passcode: 922475

MEDFORD WATER

Memorandum

TO: Commissioners Jason Anderson, David Wright, John Dailey, Bob Mylenek, and Brian Sjothun
FROM: Beau N. Belikoff, Finance Manager
DATE: Wednesday, December 2, 2026
SUBJECT: Item 4.1 – Resolution 2047, Prescribing and Establishing Rates for the Use and Sale of Water from the Municipal Water System of the City of Medford
OBJECTIVE: Board Approval

Issue
Medford Water periodically updates its Cost of Service Study so that revenue requirements are allocated fairly among customer classes. Its last rate action took effect March 1, 2026.

Discussion
HDR presented the Cost-of-Service Study to the Board in study session on November 4, 2026 and November 18, 2026. The study recommends changes to the monthly and gallonage charges for all customer groups.

It sets two scheduled adjustments, effective March 1, 2027 and March 1, 2028.

No changes are proposed to the rate structure or the customer classes of service. The Bulk Water Dispenser rate was updated to reflect the current cost of service. A rate summary sheet, which does not list every rate, is attached, along with a copy of the resolution. The complete rate schedules for both years are in Exhibit A and are incorporated by reference.

Notice of the public hearing was given to all customer groups, other interested parties and the general public. If approved, the first adjustment takes effect March 1, 2027 and the second on March 1, 2028.

For a typical inside residential customer using 10,000 gallons a month with a ¾″ meter, the monthly charge would go from $42.67 now to $43.88 in 2027 and $45.16 in 2028.

Financial Impact
Total system revenue adjustment is estimated at 5.0% for 2027 and 4.5% for 2028. By customer class, the estimated rate increases for 2027 and 2028 are:

Retail customers (inside and outside): 2.8% and 3.0%
Districts: 11.7% and 14.7%
Partner Cities: 23.4% and 14.7%

Requested Board Action
Staff recommends approval of Resolution 2047, which changes water rates for all customer groups served by the Medford Water system, effective March 1, 2027 and March 1, 2028.

RESOLUTION NO. 2047

A RESOLUTION Prescribing and Establishing Rates for the Use and Sale of Water from the Municipal Water System of the City of Medford, Oregon, Within and Without Said City, to Intermittent Users, and to Special Outside Customers, Repealing All Prior Rates in Conflict Herewith and Providing That the Modifications as Set Forth in the 2026-2027 Cost of Service Study Shall Become Effective on March 1, 2027, and March 1, 2028

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF WATER COMMISSIONERS OF THE CITY OF MEDFORD, OREGON, AS FOLLOWS, THAT:

SECTION 1. On the 28th day of February 2027, all rates heretofore prescribed and established for the use and sale of water from the municipal water system of the City of Medford, Oregon, within and without said City, shall be repealed.

SECTION 2. Beginning with the billing for water service on March 1, 2027, the rates for the use and sale of water from the municipal water system of the City of Medford, Oregon, both within and outside the city limits, shall be as set forth in the Schedules of the 2026-2027 Cost of Service Study. On the 29th day of February 2028, those rates shall be repealed. Beginning with the billing for water service on March 1, 2028, and thereafter, the rates shall be as set forth for that period in the same Schedules.

A copy of said study is on file at the Medford Water office and is hereby incorporated by reference. A non-exhaustive summary of the rates (per 1,000 gallons) is provided below. For a complete listing of the applicable rates and charges, refer to the rate schedules attached hereto as Exhibit A, which are incorporated herein by reference. These modified schedules shall replace the repealed schedules contained in Exhibit E of the Regulations Governing Water Service, effective March 1, 2027 and March 1, 2028, respectively.

INSIDE CUSTOMERS:		**CURRENT**	**3/1/2027 PROPOSED**	**3/1/2028 PROPOSED**
Residential Gallonage/Mo:	0 – 5,000	$1.35	$1.39	$1.43
	6,000-25,000	$2.44	$2.51	$2.58
	Over 25,000	$3.54	$3.64	$3.75
Non-Residential Gallonage Blocks:	Summer	$2.41	$2.48	$2.55
	Winter	$2.21	$2.28	$2.34
Residential Monthly Charge (10K gal & ¾" meter)		$42.67/mo	$43.88/mo	$45.16/mo

OUTSIDE CUSTOMERS:		**CURRENT**	**3/1/2027 PROPOSED**	**3/1/2028 PROPOSED**
Residential Gallonage/Mo:	0 – 5,000	$1.97	$2.03	$2.09
	6,000-25,000	$3.60	$3.70	$3.81
	Over 25,000	$5.28	$5.43	$5.59
Non-Residential Gallonage Blocks:	Summer	$3.19	$3.28	$3.38
	Winter	$2.99	$3.08	$3.17
Residential Monthly Charge (10K gal & ¾" meter)		$60.84/mo	$62.56/mo	$64.42/mo

DISTRICTS:		**CURRENT**	**3/1/2027 PROPOSED**	**3/1/2028 PROPOSED**
Gallonage Blocks:	Summer	$1.28	$1.43	$1.64
	Winter	$1.08	$1.23	$1.44

PARTNER CITIES:		**CURRENT**	**3/1/2027 PROPOSED**	**3/1/2028 PROPOSED**
Gallonage Blocks:	Summer	$1.42	$1.75	$2.01
	Winter	$1.22	$1.55	$1.81

Bulk Water Dispenser:	**CURRENT**	**3/1/2027 PROPOSED**	**3/1/2028 PROPOSED**
Gallonage Charge:	$5.39	$6.52	$6.71

PASSED by the Board of Water Commissioners and signed by me in authentication of its passage this 2nd day of December 2026.

ATTEST: _____ _____

Amber Furu, Asst. Clerk of the Commission Jason Anderson, Chair

Schedule 1

Fire Standby Service
Inside City of Medford

Application:

This rate schedule shall apply to all fire standby services within the City of Medford as permitted under the Regulations Governing Water Service

Base Charge	Line Size	Present Rates	March 1, 2027 Rates	March 1, 2028 Rates
1) Normal Monthly Fee	2"	$25.94	$26.66	$27.46
Per Service by Line Size; per month	4"	58.44	60.06	61.86
	6"	106.67	109.63	112.92
	8"	160.78	165.24	170.20
	10"	242.19	248.91	256.37
	12"	364.72	374.84	386.08

Schedule 2C

Nonresidential & Multi-Family
Inside City of Medford

Application:

This rate schedule shall apply to all accounts within the city limits of Medford except single family residential; shall apply to all schools, hospitals, churches, commercials, and industrials

Base Charge	Meter Size	Present Rates	March 1, 2027 Rates	March 1, 2028 Rates
1) Normal Monthly Fee	5/8"x3/4"	$23.72	$24.38	$25.11
	1"	37.18	38.21	39.36
	1/1/2"	76.12	78.24	80.58
	2"	113.68	116.84	120.34
	3"	225.65	231.93	238.87
	4"	352.98	362.80	373.66
	6"	676.20	695.02	715.83
	8"	1,039.36	1,068.28	1,100.27
	10"	1,585.28	1,629.39	1,678.18
2) Special Fees				
a) High Elevation Water Service Charge *Per month, per meter; surcharge where booster pumping is provided*		$6.00	$6.27	$6.56

Consumption Charges

1) Water Gallonage Charge *all gallonage, per 1,000 gallons*			
Blocks			
Summer - Water Read during April through Sept.	$2.41	$2.48	$2.55
Winter - Water Read during October through March	2.21	2.28	2.34
2) High Elevation Water Gallonage Surcharge *per 1,000 gallons, for service above elevation 1,500 where booster pumping is provided by the utility, for each 150 feet in elevation or additional fraction thereof*	$0.12	$0.12	$0.12

Schedule 2R

Single Family Residential (Metered)
Inside City of Medford

Application:

This rate schedule shall apply to all single-family residences within the City of Medford and to individual apartments in apartment houses in Medford where service is furnished through a separate meter for each such individual apartment

Base Charge	Meter Size	Present Rates	March 1, 2027 Rates	March 1, 2028 Rates
1) Normal Monthly Fee	5/8"x3/4"	$23.72	$24.38	$25.11
	1"	37.18	38.21	39.36
	1/1/2"	76.12	78.24	80.58
	2"	113.68	116.84	120.34
2) Special Fees				
a) High Elevation Water Service Charge *Per month, per meter; surcharge where booster pumping is provided*		$6.00	$6.27	$6.56
b) Residential Backflow Monthly Fee *per month*		$0.90	$0.90	$0.90
Consumption Charges				
1) Water Gallonage Charge *Per month, per 1,000 gallons*				
0 - 5,000		$1.35	$1.39	$1.43
6,000 - 25,000		2.44	2.51	2.58
> 25,000		3.54	3.64	3.75
2) High Elevation Water Gallonage Surcharge *per 1,000 gallons, for service above elevation 1,500 where booster pumping is provided by the utility, for each 150 feet in elevation or additional fraction thereof*		$0.12	$0.12	$0.12

Schedule 3

Fire Standby Service
Outside City of Medford

Application:

This rate schedule shall apply to all fire standby services outside the City of Medford as permitted under the Regulations Governing Water Service

Base Charge	Line Size	Present Rates	March 1, 2027 Rates	March 1, 2028 Rates
1) Normal Monthly Fee	2"	$38.03	$39.09	$40.26
Per Service by Line Size; per month	4"	83.80	86.12	88.70
	6"	152.02	156.24	160.93
	8"	225.02	231.26	238.20
	10"	335.15	344.45	354.77
	12"	499.09	512.94	528.32

Schedule 4C

Nonresidential & Multi-Family
Outside City of Medford

Application:

This rate schedule shall apply to all accounts except single family residential accounts and those classified as utility or other city customers, outside the City of Medford - to all schools, hospitals, churches, commercials, and industrials - in accordance with the Regulations Governing Water Service and except fire standby service

Base Charge		Meter Size	Present Rates	March 1, 2027 Rates	March 1, 2028 Rates
1)	**Normal Monthly Fee**	5/8"x3/4"	$32.99	$33.91	$34.92
		1"	54.84	56.36	58.05
		1/1/2"	110.28	113.35	116.73
		2"	162.41	166.92	171.91
		3"	341.14	350.65	361.10
		4"	518.41	532.87	548.74
		6"	976.08	1,003.30	1,033.18
		8"	1,469.44	1,510.42	1,555.41
		10"	2,210.99	2,272.65	2,340.34
2)	**Special Fees**				
	a) High Elevation Water Service Charge *Per month, per meter; surcharge where booster pumping is provided*		$6.82	$7.13	$7.46
	b) Service from Big Butte Springs Pipelines Surcharge *per meter, per month*		$5.13	$5.13	$5.13
	c) Service from Big Butte Springs Pipelines Surcharge *per meter, per month,* ***with backflow***		$12.73	$12.73	$12.73

Consumption Charges

1)	**Water Gallonage Charge** *all gallonage, per 1,000 gallons*			
	Blocks			
	Summer - Water Read during April through Sept.	$3.19	$3.28	$3.38
	Winter - Water Read during October through March	2.99	3.08	3.17
2)	**High Elevation Water Gallonage Surcharge**	$0.12	$0.12	$0.12

per 1,000 gallons, for service above elevation 1,500 where booster pumping is provided by the utility, for each 150 feet in elevation or additional fraction thereof

Schedule 4R

Single Family Residential
Outside City of Medford

Application:

This rate schedule shall apply to all residential accounts outside the City of Medford except to accounts classified as utility or city customers in accordance with the Regulations Governing Water Service and except fire standby service

Base Charge	Meter Size	Present Rates	March 1, 2027 Rates	March 1, 2028 Rates
1) Normal Monthly Fee	5/8"x3/4"	$32.99	$33.91	$34.92
	1"	54.84	56.36	58.05
	1/1/2"	110.28	113.35	116.73
	2"	162.41	166.92	171.91
	3"	341.14	350.65	361.10
	4"	518.41	532.87	548.74
	6"	976.08	1,003.30	1,033.18
	8"	1,469.44	1,510.42	1,555.41
	10"	2,210.99	2,272.65	2,340.34
2) Special Fees				
a) High Elevation Water Service Charge *Per month, per meter; surcharge where booster pumping is provided*		$6.82	$7.13	$7.46
b) Service from Big Butte Springs Pipelines Surcharge *per meter, per month*		$5.13	$5.13	$5.13
c) Service from Big Butte Springs Pipeline Surcharge *per meter, per month,* ***with backflow***		$12.73	$12.73	$12.73
d) Residential Backflow Monthly Fee *per meter, per month*		$0.90	$0.90	$0.90

Consumption Charges

1) Water Gallonage Charge *Per month, per 1,000 gallons*			
0 - 5,000	$1.97	$2.03	$2.09
6,000 - 25,000	3.60	3.70	3.81
> 25,000	5.28	5.43	5.59
2) High Elevation Water Gallonage Surcharge *per 1,000 gallons, for service above elevation 1,500 where booster pumping is provided by the utility, for each 150 feet in elevation or additional fraction thereof*	$0.12	$0.12	$0.12

Schedule 5

District Customers

Application:

This rate schedule shall apply to domestic water districts incorporated under Oregon State Statutes or private corporations organized for the provision of water service to 15 or more premises

Base Charge		Meter Size	Present Rates	March 1, 2027 Rates	March 1, 2028 Rates
1)	**Normal Monthly Fee**	5/8"x3/4"	$15.59	$17.41	$19.97
		1"	24.58	27.45	31.49
		1/1/2"	50.98	56.93	65.30
		2"	76.95	85.93	98.57
		3"	145.34	162.31	186.17
		4"	234.13	261.46	299.91
		6"	453.87	506.86	581.38
		8"	709.71	792.56	909.10
		10"	1,093.84	1,221.54	1,401.15
2)	**Special Fees**				
	a) Residential Backflow Monthly Fee		$0.90	$0.90	$0.90
	b) Fire Service by Detector Check Size	2"	$12.26	$13.69	$15.70
		4"	39.48	44.08	50.56
		6"	72.36	80.80	92.66
		8"	110.62	123.52	141.66
		10"	168.05	187.65	215.20

Consumption Charges

1) **Water Gallonage Charge**

for all water measured by the master meters supplying the utility customers, or in the absence of master meters, the total of the gallonage used by the individual users within the service area of the utility customer plus 6 percent thereof. All gallonage, per 1,000 gallons.

Blocks			
Summer - Water Read during April through Sept.	$1.28	$1.43	$1.64
Winter - Water Read during October through March	1.08	1.23	1.44

Schedule 6

Partner Cities

Application:

This rate schedule shall apply to incorporated cities purchasing water from the commission as defined by the Regulations Governing Water Service

Base Charge	Meter Size	Present Rates	March 1, 2027 Rates	March 1, 2028 Rates
1) Normal Monthly Fee	2"	$128.34	$158.32	$181.53
	3"	242.60	299.27	343.14
	4"	376.49	464.44	532.52
	6"	692.28	854.00	979.19
	8"	1,060.21	1,307.87	1,499.61
	10"	1,613.49	1,990.40	2,282.19
Consumption Charges				
1) Water Gallonage Charge				
All gallonage, per 1,000 gallons.				
Blocks				
Summer - Water Read during April through Sept.		$1.42	$1.75	$2.01
Winter - Water Read during October through March		1.22	1.55	1.81

Schedule 7

Intermittent Users

Application:

This rate schedule shall apply to all customers that are served on an intermittent basis (e.g., golf course irrigation systems)

Base Charge	Present Rates	March 1, 2027 Rates	March 1, 2028 Rates
1) Normal Monthly Fee			
a) Base charge will be based on the meter size for the appropriate customer class			
2) Special Fees			
a) High Elevation Water Service Charge *Surcharge where booster pumping*	$6.82	$7.13	$7.46
b) Residential Backflow Monthly Fee	$0.90	$0.90	$0.90
Consumption Charges			
1) Water Gallonage Charge			
Summer - Water Read during April through Sept.	$3.19	$3.28	$3.38
Winter - Water Read during October through March	$2.99	$3.08	$3.17
2) Special Charges			
a) High Elevation Water Gallonage Surcharge *per 1,000 gallons, for service above elevation 1,500 where booster pumping is provided by the utility, for each 150 feet in elevation or additional fraction thereof*	$0.12	$0.12	$0.12

Schedule 8

Special Outside Customers
Outside City of Medford

Application:

This rate schedule shall apply to all accounts receiving service from the Medford Water Commission connected through a master meter serving more than one residential unit have not paid a System Development Charge and approved for receiving of water service by the Board of Water Commissioners in accordance to the standards as set forth in Resolution No. 1058, and in accordance with the Regulations Governing Water Service

Base Charge	Meter Size	Present Rates	March 1, 2027 Rates	March 1, 2028 Rates
1) Normal Monthly Fee	5/8"x3/4"	$32.99	$33.91	$34.92
	1"	54.84	56.36	58.05
	1/1/2"	110.28	113.35	116.73
	2"	162.41	166.92	171.91
	3"	341.14	350.65	361.10
	4"	518.41	532.87	548.74
	6"	976.08	1,003.30	1,033.18
	8"	1,469.44	1,510.42	1,555.41
	10"	2,210.99	2,272.65	2,340.34
2) Special Fees				
a) High Elevation Water Service Charge *Per month, per meter; surcharge where*		$6.82	$7.13	$7.46
b) Service from Big Butte Springs Pipelines Surcharge *per meter, per month*		$5.13	$5.13	$5.13
c) Service from Big Butte Springs Pipeline Surcharge *per meter, per month,* ***with backflow***		$12.73	$12.73	$12.73
d) Residential Backflow Monthly Fee *per meter, per month*		$0.90	$0.90	$0.90

Consumption Charges

1) Water Gallonage Charge *All gallonage, per 1,000 gallons.*			
Summer - Water Read during April through Sept.	$3.96	$4.16	$4.35
Winter - Water Read during October through March	3.60	3.78	3.95
2) Special Charges			
a) High Elevation Water Gallonage Surcharge	$0.12	$0.12	$0.12

per 1,000 gallons, for service above elevation 1,500 where booster pumping is provided by the utility, for each 150 feet in elevation or additional fraction thereof

Schedule 9

Irrigation
Inside City of Medford

Application:
This rate schedule shall apply to all accounts within the city limits of Medford for Irrigation Customers

Base Charge	Meter Size	Present Rates	March 1, 2027 Rates	March 1, 2028 Rates
1) Normal Monthly Fee	5/8"x3/4"	$23.72	$24.38	$25.11
	1"	37.18	38.21	39.36
	1/1/2"	76.12	78.24	80.58
	2"	113.68	116.84	120.34
	3"	225.65	231.93	238.87
	4"	352.98	362.80	373.66
	6"	676.20	695.02	715.83
	8"	1,039.36	1,068.28	1,100.27
	10"	1,585.28	1,629.39	1,678.18
2) Special Fees				
a) High Elevation Water Service Charge *Per month, per meter; surcharge where booster pumping is provided*		$6.00	$6.27	$6.56

Consumption Charges

1) Water Gallonage Charge *all gallonage, per 1,000 gallons*			
All Consumption	$2.41	$2.48	$2.55
2) High Elevation Water Gallonage Surcharge	$0.12	$0.12	$0.12

per 1,000 gallons, for service above elevation 1,500 where booster pumping is provided by the utility, for each 150 feet in elevation or additional fraction thereof

Schedule 10

Irrigation
Outside City of Medford

Application:

This rate schedule shall apply to all irrigation accounts outside Medford City limits

Base Charge	Meter Size	Present Rates	March 1, 2027 Rates	March 1, 2028 Rates
1) Normal Monthly Fee	5/8"x3/4"	$32.99	$33.91	$34.92
	1"	54.84	56.36	58.05
	1/1/2"	110.28	113.35	116.73
	2"	162.41	166.92	171.91
	3"	341.14	350.65	361.10
	4"	518.41	532.87	548.74
	6"	976.08	1,003.30	1,033.18
	8"	1,469.44	1,510.42	1,555.41
	10"	2,210.99	2,272.65	2,340.34
2) Special Fees				
a) High Elevation Water Service Charge *Per month, per meter; surcharge where booster pumping is provided*		$6.82	$7.13	$7.46
b) Service from Big Butte Springs Pipelines Surcharge *per meter, per month*		$5.13	$5.13	$5.13
c) Service from Big Butte Springs Pipelines Surcharge *per meter, per month,* ***with backflow***		$12.73	$12.73	$12.73

Consumption Charges

1) Water Gallonage Charge *all gallonage, per 1,000 gallons*			
All Consumption	$3.19	$3.28	$3.38
2) High Elevation Water Gallonage Surcharge	$0.12	$0.12	$0.12

per 1,000 gallons, for service above elevation 1,500 where booster pumping is provided by the utility, for each 150 feet in elevation or additional fraction thereof

Schedule 11

Service Center Bulk Water Sales Dispenser

Application:

This rate schedule shall apply to the sale of bulk water from Medford Water's dispenser located at the City of Medford Service Center, at 821 N. Columbus Ave., Medford Oregon 97501.

Consumption Charges	Present Rate	March 1, 2027 Rates	March 1, 2028 Rates
1) Water Gallonage Charge			
All gallonage, per 1,000 gallons.	$5.39	$6.52	$6.71

Memorandum

TO: Commissioners Jason Anderson, David Wright, John Dailey, Bob Mylenek, and Brian Sjothun
FROM: Beau N. Belikoff, Finance Manager
DATE: December 2, 2026
SUBJECT: Item 6.0 – Resolution 2048, Authorizing a Biennial (Two-Year) Budget
OBJECTIVE: Board Approval

Issue
At the Board's request, staff evaluated moving Medford Water from an annual to a biennial (24-month) budget cycle and presented the findings at the October 7, 2026, study session. Staff now asks the Board to authorize that change.

Discussion
This resolution formally changes Medford Water's budget cycle from annual to biennial. Beginning with the July 1, 2027 – June 30, 2029, budget period, the Board will adopt one budget covering two fiscal years, instead of a new budget each year. As a municipal public utility operating under a separate commission without property tax support, Medford Water is excluded from Oregon Local Budget Law under ORS 294.316(7). The Board adopts a budget for operational accountability and control, and Medford Water models its budget process on Local Budget Law.

The City of Medford also budgets on a biennial basis, and this change puts Medford Water on the same two-year cycle, aligning budget timelines and planning between the two organizations.

Staff plans to update Medford Water's comprehensive financial management policy to reflect this change.

Financial Impact
None.

Requested Board Action
Staff recommends approval of Resolution 2048, authorizing Medford Water to transition from an annual to a biennial budget, beginning with the July 1, 2027 – June 30, 2029, budget period and continuing for each two-year period thereafter.

RESOLUTION NO. 2048

A RESOLUTION Authorizing Medford Water to Transition from an Annual to a Biennial (Two-Year) Budget, Beginning with the July 1, 2027 – June 30, 2029, Budget Period

WHEREAS, at the Board's request, staff evaluated moving Medford Water from an annual to a biennial (24-month) budget cycle and presented its findings at the October 7, 2026 study session; and

WHEREAS, as a municipal public utility operating under a separate commission without property tax support, Medford Water is excluded from Oregon Local Budget Law under ORS 294.316(7); and

WHEREAS, the Board adopts a budget for operational accountability and control, and Medford Water models its budget process on Local Budget Law; and

WHEREAS, the City of Medford budgets on a biennial basis, and a biennial budget places Medford Water on the same two-year cycle as the City, aligning budget timelines and planning between the two organizations;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF WATER COMMISSIONERS OF THE CITY OF MEDFORD, OREGON, AS FOLLOWS, THAT:

SECTION 1. Medford Water's budget cycle is changed from annual to biennial. The Board shall adopt one budget covering two fiscal years.

SECTION 2. The first biennial budget period shall begin July 1, 2027 and end June 30, 2029. Subsequent budgets shall cover consecutive two-year periods unless the Board directs otherwise by resolution.

SECTION 3. This resolution shall take effect immediately upon its passage.

PASSED by the Board of Water Commissioners and signed by me in authentication of its passage this 2nd day of December 2026.

ATTEST:

Amber Furu, Asst. Clerk of the Commission	Jason Anderson, Chair

Memorandum

TO: Commissioners Jason Anderson, David Wright, John Dailey, Bob Mylenek, and Brian Sjothun
FROM: Kris Stitt, Information Technology Manager
DATE: Wednesday, December 2, 2026
SUBJECT: Item 7.0 - Resolution 2049, Microsoft Enterprise License Agreement
OBJECTIVE: Board Approval

Issue
Medford Water utilizes many different software subscriptions and licenses provided by Microsoft through their Enterprise Licensing program. This includes subscription software such as Microsoft 365, Software Assurance for our Server and Database Software, and pay as you go services. Enterprise License Agreements are valid for a 3-year term, and our current agreement expires on January 31st, 2027.

Medford Water will need to enter into a new 3-year agreement to continue utilizing their software and services. The anticipated costs of the renewal for the period are expected to be $390,262.17 for the 3-year term.

Discussion
Medford Water relies heavily on Microsoft software and services for our day-to-day operations. This includes both subscription services as well as Software Assurance. Subscription services require a continuous subscription to utilize the software. Software Assurance covers software that we have purchased outright and allows us to always utilize the latest version of the software without needing to purchase new licenses when software updates are released.

Subscription Services ($81,338.79 per year)

Medford Water utilizes several subscription software services from Microsoft including productivity, security, and phone services. Some of the major items included in this category are Microsoft Office, Microsoft Defender XDR (Extended Detection and Response), Microsoft Teams Phone, Windows Enterprise, Power BI, Copilot, Microsoft Teams Rooms, as well as a few other miscellaneous licenses.

In early 2025 Medford Water deployed a new phone system which utilizes Microsoft Teams phone services. Overall, this has worked well for us, and we plan to continue utilizing Teams phone services into the future.

Software Assurance ($38,748.60 per year)

Software Assurance provides upgrades and additional usage rights for our server, database, and remote desktop systems for both the Information Technology and Operational Technology systems. This includes Microsoft Server Data Center and Microsoft SQL Server.

Over the last few years, we have added additional licenses for Microsoft Server for our SCADA upgrade as well as adding licensing for SQL Server Enterprise which allows us to create a high

availability database cluster between the Annex and the Duff Treatment Plant locations. This has caused an overall increase in our software assurance costs.

Pay as you Go ($10,000 per year, estimated)

Medford Water also utilizes some Microsoft Azure pay as you go data services. These services are billed monthly as they are utilized. We primarily use these services for Microsoft XDR to store

and analyze security logs from our computers and servers. This amount can vary however, it currently averages about $500 per month and we anticipate that this amount will increase over the next 3 years as we collect more data.

Financial Impact

Medford Water works with Software House International (SHI) to purchase and manage our software with Microsoft. The pricing provided by SHI is based on a cooperative purchasing agreement provided by National Association of State Procurement Officials (NASPO) pricing.

The quote provided by SHI is based on our current software licensing needs and would be billed annually in the amount of $120,087.39 per year for a total of $360,262.17 over the 3-year term. This does not include the Azure pay as you go service which is billed monthly or any additional licensing that we may need to add over the next 3 years.

We can add additional licenses to the agreement when needed, however once they are added we are committed to paying for them for the remainder of the term. Because of this we have not added additional licenses that we might need up front, instead we would ask for the ability to exceed the requested amount by up to an additional 20% should we need to purchase additional licenses

Annual Costs

Subscription Services	$81,338.79
Software Assurance	$38,748.60
Pay as you go (estimated)	$10,000
Total	**$130,087.39**
3-Year Total	**$390,262.17**

Apart from the pay as you go services which are invoiced monthly, Medford Water is billed annually for this agreement, and we are currently allocating the costs to a shared expense project (MWC-XX-780SH, Software Maintenance) which distributes the costs between locations.

Requested Board Action

Staff recommends approval of Resolution 2049 to enter into a new Enterprise Licensing Agreement with Microsoft through Software House International to provide software and services over the next 3-year totaling $390,262.17. Additionally, we would request a 20% contingency to cover additional software if needed during the term of the agreement.

RESOLUTION NO. 2049

A RESOLUTION Awarding and Authorizing the General Manager to Execute an Enterprise Licensing Agreement with Microsoft through Software House International for Subscription Software and Services for a 3-Year, Not to Exceed Amount of $390,262.17

WHEREAS, Medford Water utilizes software and services provided by Microsoft for much of its day-to-day operations; and

WHEREAS, the agreement includes software subscriptions, Software Assurance for updates to non-subscription software, and pay-as-you-go services; and

WHEREAS, Microsoft requires Medford Water to enter into a 3-year Enterprise Licensing agreement to utilizes these services; and

WHEREAS, the current enterprise licensing agreement in place with Microsoft expires on January 31st, 2027; and

WHEREAS, Medford Water works with Software House International to provide pricing based on National Association of State Procurement Officials cooperative pricing agreements; and

WHEREAS; the expected costs to Medford Water are anticipated to be $130,087.39 per year for a total of $390,262.17 over the 3-year term; and

WHEREAS; an additional 20% contingency is requested to cover additional software and services if needed during the term of the agreement; and

WHEREAS, the value of the agreement, not-to-exceed $390,262.17 with Microsoft for subscription software and services, exceeds the General Manager's authority;

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF WATER COMMISSIONERS OF THE CITY OF MEDFORD, OREGON, AS FOLLOWS:

SECTION 1. The agreement for subscription software and services purchased through Software House International, in an amount not to exceed $390,262.17, is hereby awarded.

SECTION 2. That the General Manager is hereby authorized and directed to execute said contract, payments for said contract up to $390,262.17, and any contract amendments not exceeding the General Manager's purchasing authority or 20% of the agreement amount, on behalf of the Board of Water Commissioners, which contract is on file in the Office of Medford Water and by reference made a part hereof, is hereby approved. This authorization exceeds the authority of the General Manager as defined in Section 1.02 of the Medford Water Contracting & Purchasing Regulations.

PASSED at a regular meeting of the Board of Water Commissioners and signed by me in authentication thereof this 2nd day of December 2026.

ATTEST: _____ _____

Amber Furu, Asst. Clerk of the Commission Jason Anderson, Chair