

ASHLAND WATER ADVISORY COMMITTEE
August 29th, 2016

CALL TO ORDER

John Williams called the meeting to order at 9:03 AM

Committee Members Present: Don Morris, Amy Patton (vice chair), John Williams (chair), Joe Graf, Pat Acklin, Darrell Boldt, Kate Jackson, Rich Miller

Committee Members Absent: Alex Amarotico, Lesley Adams, Councilor Carol Voisin, Donna Rhee

Staff present: Mike Faught, Emily Killam

Staff absent: Karl Johnson, Scott Fleury, Julie Smitherman, Steve Walker, Greg Hunter, Pieter Smeenk

Consultants: None

Consultants absent: Tyler Dunkin (RH2), Jeff Ballard (RH2)

ANNOUNCEMENTS

None

Public forum

Shaun Moran

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Moran asks if the Ashland Water Advisory Committee reviews TAP and asks if the pump station is broken. Faught states that the group won't review the existing TAP, they already talked about using TAP first. Faught says TAP will become an important part of conversations. Moran also states he heard the pump on top was broken and Faught dispels the rumor. Faught states that TAP is something this group addresses, but the purpose of this meeting is to discuss the proposed changes to the Water Master Plan.

REVIEW PROPOSED CHANGES TO THE WATER SERVICE AGREEMENT

Williams states that the meeting is being held to discuss the proposed changes of the Water Service Agreement and to give Mike vetting before he takes it to council.

Faught states there are a couple changes to the existing contract that were negotiated a few years ago in order to start TAP. There is one change that Faught is recommending, and one that the TAP group is recommending. Faught reads that on page 3 of 9 is the biggest conversation he wanted to have with the committee. The paragraph reads that the water supplied by MWC is an emergency source for Ashland. Faught has a problem with a contract stating that it's an emergency source because it allows them to determine if Ashland is an emergency or not, which would not allow Ashland to use the water. Faught wants to remove that sentence out of the language, and leave the sentence where it says that the water is limited under this agreement, and is limited based on our water right. He also states that this is for a proposed 5 year agreement. When TAP was first discussed, it was talked about as an emergency source only, and now it becomes a limiting factor on what's an emergency or not. That statement would allow them to decide what is an emergency or not, or do we always have to declare an emergency in order to get water every time. Patton agrees that it shouldn't be in the Medford contract, but asks if it's somewhere in the Ashland policy or somewhere in the city council policy. Faught states we run TAP one month every year for testing, but due to the lead questions, it was not ran this year. Faught wants Medford to finish removing the lead pigtails in their system and also complete their corrosive study because that could impact us if their water was corrosive.

Acklin is concerned that the month is important for testing, but also thinks it's important to use our water rights, or lose them. Acklin feels if we leave emergency only in there then it's in conflict with the states requirement that water rights are used or lost. She feels this is the most important issue if the ongoing nature of the supply is the main concern. Faught feels this group is going to be talking about the whole notion if it's really emergency or not and recommending to council about it as they do the water master planning.

Faught states that currently we are at 2.13mgpd and staff is still looking at moving it to the maximum of 3mgpd and really considering it. The committee starts looking at the future capital costs in terms of starting the first phase of the water plant and moving it out of the ravine. The next question is does the committee want to rebuild the whole 10 million gallons or just look at a combination of TAP. These are tough questions that he wants the group to talk about.

Morris adds that if we're anticipating a long term problem, then we may want to start babying our own local water supply to not end up in an emergency situation ahead. He feels that with anticipating an emergency we may want to start drawing water for a period of time that might be a month or so in advance. Faught says that in terms to the language specifically that is being reviewed, that we don't want to take any chances. We have fine-tuned our emergency draught response. He says that we'll continue that sort of management, but the bigger question to the group, is this one of the supply sources long term, or do we want to use it as emergency only. Is it 3mgpd year round, or is it 3mgpd only when needed will be the committees question. When the consultant starts talking about supply options, cost to expand the next phase of the water plant vs. this option, the committee is going to give them feedback on how we're recommending to move forward in the future.

Faught says currently we run it once a month for testing, and we turn it on only if there is an issue. Right now our usage is at 5mgpd, just below that which is amazing. When this was worked once before, it was between 6.5 and 7mgpd. Two years of draught has really educated people on water use. Miller asks what the forks are producing. Faught states the forks are producing about evenly right now, however, it's important to remember that we have 1 million gallons going to water rights, so we're upside down 1 million gallons. We're at the 1st of September and the reservoir is at 85% which is really good. The only thing that would get us in trouble right now would be toxic algae. However, before treating the reservoir, we hire Dr. Jake Kahn to test the water to see if it needs to be treated. He's interactive with us all the time in regards to the right course of action. That's the only thing that could get us in trouble and require us to turn the water on; TID or TAP.

Faught states the Medford Water Commission sets rates and they're established rates and have to be justified if they want to change them. He also states that the items that are lined through, every other city has to have them in their contract. However, we negotiated them out of our contract because we're a water purveyor as well and they have to treat us differently. It was nice they negotiated with us and didn't use a set contract across the board. Every other city has to have the sentences in their contracts that we've negotiated out. Faught wanted to make sure that there were no issues with removing the statement in the contract that it be an emergency resource only.

Patton says her question is, is there a policy in the city of Ashland about TAP being used as emergency? We asked council in 2014 to give us direction Faught says yes, there is a policy on it and it was voted in 2014 that in an emergency response, TID water is used first, and TAP water second. Since then, and since

Faught has discussed with the committee at the last meeting, he asked the MWC if they'd consider using TAP water first and TID water second.

Acklin states that what this contract and what our policies should do is give us the greatest flexibility to respond to the situation appropriately and not be bound by a perception of what an emergency means. She mentions she thought that last year we started using TAP to preserve the water in the reservoir. Faught says we were using TID first, and then we used TAP and that is the way it's set up now. Acklin says we need flexibility in managing the water supply. Faught said the advantage in using TAP first is that it's treated. The argument he had with council is that when we're using TID first, the fluctuation in treatment is constant. We have 4 people that work in treatment, and they have to work all summer long because with any adjustment to the system they have to manage that. It's constant monitoring and as only a 4 person crew, it wears them out. Due to this and the fact to not having a large enough crew, Faught is now recommending going to TAP first because it's treated. From that standpoint, it's about \$16k more a year, but it's invaluable to start there. Then only turn the TID on for backup if needed, this way the staff on drought years isn't on duty all summer long.

Patton has a question about the time of year statement at the beginning of article one. MWC agrees to supply surplus water up to a combined (from all connections) maximum of 1480 gallons per minute (GPM) for the months of October through April, and surplus facilities capacity to treat and transport water up to a combined (from all connections) maximum of 1480 GPM for the months of May through September. Faught says this is the standard language. Faught said it's a good question and they're delivering our water, the 1000 acre feet in the summer. They're willing to give us their water in the winter which is really important and how we get water year round. During their peak time they're not willing to take that chance, however, during the winter they are. Faught states we paid for SDCs in advance and the other cities didn't do that. So MWC is going to reduce the water supply they can have in the future until they increase capacity. They can't reduce ours, because ours is contractually paid for. So we're in a much better situation and we'll always get our 1000 acre feet, and the other cities will not be able to get that because they didn't do that sort of agreement.

What the MWC commission is saying for TAP users, is they don't care about the total amount of water that goes through their system throughout the summer, each of the other two cities is going to have a reduced amount. However, as long as the total that they send to TAP doesn't exceed that number (if we're not using it for example), the other cities can use it and they're not in violation. So they're writing language here in the contract that allows the other cities to use it. We all have our own meter, and we have our own meter at the TAP station and only pay for what goes through the meter. Patton states there were some auditing at the meters and was mentioning that there were some questions about the accuracy of the readings at the Phoenix one. Faught states that Medford put a new meter in and they have it fixed at this point. The language was put in there to show that Ashland can only use a 1000 acre feet, but it's based on so many gallons per day and is a demand hit to their plants. Our pumps are only using 2.13mgpd which is our maximum, which is different than all of the other cities. When we run it, we're using it all of it. When they're running it, it fluctuates. So we're 24/7 at our 2.13mgpd so it's of full time running. The other cities when they run, it draw and fill their reservoirs it's up and down. So their reduced some cases by 25% of what they've been able to have in the past and didn't buy SDCs like Ashland did. All the language is saying is that they recognize Ashland isn't using their water. As a collective amount for the system and as long as it doesn't exceed the sum of all three cities, we won't be in violation. Patton asks if the other cities get in the habit of using more than their percentage, and we're not using it so it's not in violation, could it put us at potential risk in a draught year? Faught states that the Medford Water Plant is under construction and in the next 5

years, they're projected to have another 20 million gallon per day capacity. Acklin says that our contract with them states that we will get the 2.3mgpd at the meter, and if that isn't coming through our meter than they're in violation of the contract. Faught states that's exactly correct, and what if we increased our capacity to 3mgpd but haven't negotiated our new water rights or capacity we could use that water. There are ways that this benefits everyone and doesn't take away from anyone.

Graf states that he doesn't think that the statement belongs where it's placed in the contract. He says it makes no sense unless it stated that there is a maximum amount of water that Medford can provide and it has to go to the 3mgpd and the amount to the 3mgpd is measured at a specific place. He asks does it say they measure our 1480 gallons per minute at a specific place. Faught says it should at least reference each cities maximum usage in this section of the contract. It doesn't make sense unless there's some cap to the total amount that they're providing to the TAP community. Graf says it doesn't seem to matter, but it doesn't make much sense where it's placed in the contract. Faught says he can change that part so that it states Ashland's limit is 1480, and TAP is a whole, there's a way to transition that easily.

Morris, asks what is the possibility that Medford could introduce a measure to renegotiate the contract at some point? Faught says that on page 6 the terms of agreement, states that the term is 5 years and Ashland may extend the term for three, five year periods. Acklin states "if the 20 years go by, can they change it dramatically"? Morris says there will be a lot of political pressure in that region. Acklin states that we own water rights behind lost creek dam, and what this contract really does is get it treated and delivered. They could raise the rates, but we still own the water. Faught says that is correct we do own the water right, but this contract is written so long as we have the capacity to deliver that water right. Faught says the importance of making the determination between plant capacities, whether you want to use it full time or for emergency only. Right now we're saying we pretty much only use it 5 months out of the year. However, if we change that language and say it is year round, they have to plug that into their long term planning in terms of capacity. Information we give them is critical in terms with their long plan terming.

Patton said she hasn't spotted what the procedure is for termination of the contract. Faught replies that the only terms of agreement are on page 6 and that they can't just terminate the contract. The only options that are available to do are on that page in this contract. As long as we follow the agreement and auto renew, we're good for the 20 year period.

Acklin says the only thing that could be put into the contract to prevent them from saying we can't use their pipe would be a clause somewhere in the contract. That would be the only thing that could be done in order to prevent them saying after 20 years they won't deliver water. Faught said he'd never recommend giving our vested interest away. He said what they do is make sure their demand is met first, and then the surplus goes to the other cities. We have to make sure they grow on the surplus side and that's where the negotiation comes into play. Acklin doesn't think that it's out of the question to continue to encourage them to allow us to have access to that pipe. She says that's the key thing in order for us to get water from their system. Faught says that as their distribution systems start getting taxed, we need to be with them in terms of making sure they're growing in order to meet our capacities. The key for us and all the cities is to do good planning so that when they bring in their master plan folks, they're accommodating us in their planning. Right now they can't accommodate us, so we don't have to worry about that, but if we don't tell them what we need in the future, and strongly voice what we need, they will never design for it. There are plenty of water rights at Lost Creek Faught says. He states if we are really, really, worried, or feel we can't trust that Medford is going to give us our water, there is really only one other way to get water. That would be to get our own intake at the Rogue River, and design our own plant. That is really the only way to feel

secure in that, and it would be extremely expensive. Acklin says that's what she was trying to say is try to build into the agreement that we get a piece of the action even in the day when we have to expand that again or fix the infrastructure to get it here. Faught says we did much better than the other cities in regards to the contract and that he tried to have a statement put in the agreement like the above, however he could not. Faught says he looks at that sort of statement being put in agreement, the same way that Medford does because we're a water purveyor. Faught reassures Acklin that this contract gets water delivered unless there's some big issue, and they'll curtail us like they'd curtail themselves. There's no thought in their process that says let's get everyone on a contract so we can sell the surplus water until we run out. They're managing their system saying they need more water in the system so in the future everyone is served. They can't get themselves in a position where they can't deliver to their community any more than we could. Faught says he doesn't have any concerns about the contract as far as the way it reads.

Patton states she could see one situation, if we had a natural disaster they'd fix their internal systems first and ours last. Faught says but it could be we're investing money with them so our systems get up and running too. He said in the event of an emergency we should be thinking about all the possibilities to make sure we're all back up and running. Graf says when this was first starting up, council gave us some flak for this. He asks do you think being dependent on an outside water source could reincarnate this feeling. Faught said that there was a strong belief that TAP should be emergency only. He says Patton is right in asking that question and that has not changed; we don't want to limit ourselves in a contract that says that.

Jackson says there's a cities group that talks about the bigger picture about the management of water. She said there are 3 different entities that talk about all of this right. She asks Faught how he sees structuring a more formal advisory group for regional water master planning for the future. Faught said this is sort of the pitch that other cities asked the MWC. Faught says right now MWC allows other cities to participate in some of their meetings, such as the cost of service meeting they had. They had a meeting and allowed the other cities to come with their engineers to provide feedback. Now the master plan is on their way, and we'll have feedback with these folks, as they give their drafts.

Faught says that it's important to do these reviews every 5 years because so much can change. He doesn't know if this resonates with other cities, but we need to continue to have conversations about what our needs are long term.

Graf has questions about the meters and wants to know where they get the readings. Faught says there is one meter that we pay a bill on, the one that comes from the TAP building. As a TAP group, we hired RB Cog to distribute the bill to each city based on the gallon charge of what we actually used. Faught likes that fact that they're not trying to get in our system. That is also the whole point of this change in the contract. Each city has a limit at the meter, and as long as they don't exceed it at that meter, then you can do with the water as you please. The bill comes from the one meter at TAP, we're a joint group with TAP. Walker says we report our usage, and they bill us based on that. Jackson says maybe this contract isn't the best spot to describe the metering system.

Graf asked if he's understanding the language in the contract correctly, where it says that the MWC can raise the rates and charge us more SDCs anytime they feel like. Faught says, no, we're locked in so they can't charge us anymore. The committee re-reads article 7 to clear the questions up and get an answer. Acklin says what she thinks the concern might have been is that the contract says it reserves the right to modify or replace the SDCs with a different financing mechanism for system improvements. Faught says they can change methodology, and we all can do that. Acklin says the wording makes it sound like they can

change anything on a whim, and Faught says our attorneys work with them on this language and they feel comfortable with the way it's reads. Graf says we're no longer a new customer, and for new customers they charge a big chunk for new customers. Graf asks, because we're not new customers, why are SDCs even in the contract? Jackson says in article 3 at the end, it states that in the future Ashland can request up to a total of 3mgpd by paying future SDC rates.

Graf said as long as we keep our usage at 2.13mgpd, we won't have to pay additional SDCs no matter what they do, and Faught says that is correct. When we jump to 3mgpd we'll pay whatever that methodology is. Graf says that article 6 applies only if we go from 2.13mgpd to 3mgpd. He states that while he reads through it, it reads as if as long as they're in charge they can change things and add SDCs.

Graf said if he was reading this agreement and didn't trust everyone, he would see just a bunch of "barn doors" for them to jack up their rates at any time. Faught says they could jack up the rates any level they want for any future SDCs.

Faught wants to clarify that the role of the committee at this meeting, which was not to go over the entire contract, but to just review the two proposed changes. Faught said all of this has been vetted through legal and council already. If public asks the committee questions, he said the answer is that we've looked at two recommended amendments to the contract which was all done when the committee was disbanded. Acklin asks if these two proposed changes will go back to the council for final adoption and Faught agrees. Acklin wants something written to address the SDCS and that the SDCs were paid in advance due to the process of establishing.

Williams wants confirmation on what the two amendments are in Faughts mind. Faught states that it simply says if one city doesn't use their allocation and the other city has available allocation, then you won't be penalized. Graf said that it doesn't read that way at all, Faught agrees. Faught says he's going to provide the feedback from the group on the fact that it's confusing the way it reads.

Faught says that he's not going to take it forward until everyone can agree on it, everyone agrees. He also states that he will bring the committee the SDC language for them to read. They are really straight forward and would be good for the committee to read.

Morris states we're so dependent on these meters, and asks if there is a regular schedule to monitor the accuracy of the meters. Is there an accuracy criteria that formally applies to all these meters? Faught says in regards to that, it's really a question for Walker. Morris in order to verify the accuracy it would require a reasonable check and he suspects that it doesn't occur. Faught says that is very true and it wasn't until the other cities started challenging until they realized that there were inaccuracies.

Walker says that how often the meters are tested for accuracy is unknown since we're all pretty new to this. He said the meter at regional, the meter at Phoenix/Talent, and the meter at our vault are all the same kind now so there is some symmetry. What we're going to be billed off of is the meter at Creel Road. Acklin asks Walker if there is a schedule for testing. Walker says that we need to get with Ballard on that and it's also going to be a manufacturer's requirement also. Walker says all the meters are about plus or minus half a percent of accuracy.

Acklin asks if we have a schedule in checking the accuracy of the meters. Walker states it's something we have to get with Jeff Ballard to discuss. Faught says the other thing that is cool about having three meters

is that if Talent meter isn't working right and it's showing something off in our system then we can check it out.

Faught said he's been meeting with Larry and will let council know the reason we're not using their water. Faught said Medford has come up with a system to identify older pipes that may have the lead pigtail in them. So Medford is going through and checking the meter and if there's reason to dig up the meters, they're doing so. He said they've already dug up in the range of 10 additional lead pigtails in this process. Patton is wondering if there will be a summary at some point in time. Faught also says they're doing a corrosion study that will take them a few years, and are doing everything they should be doing. Patton says the corrosion study is because their water is soft so she wants to hear how their water is different from ours so we don't have the same problem.

Walker says as far of lead pigtails go, the articles from Medford make it very confusing to the public. It makes them think that if they have a galvanized water service you're automatically going to have a lead pigtail. Walker tells them that he isn't going to say there couldn't be a lead pigtail in this town, however, he's had his hands on numerous pipes of ours and also their experience and their maintenance staff dates back to 1981 and none of them have ever seen a lead pipe or lead pigtail. Our system will have a gooseneck that elbows down to the service. His guess as to why we don't see them is because we probably couldn't afford them. Patton said the lead pigtails are one piece of it, and the other piece is if there is soft water. Walker says you always want your water scaled, PH is one piece but there are multiple things that come into play. He says when we work on our own system we see healthy scaling and we are currently seeing that.

Williams said the school district hired a company to come out and test the lead levels in all of their school water supplies. Faught said the same thing with SOU, they only found one source which was a drinking fountain.

Faught says if he talks Larry into taking the whole paragraph out, would the committee be comfortable with that, or would they rather him wait. The committee says they'd like to see the SDCs but not in relation to the contract. There isn't a lot of risk on our part in removing that paragraph. Faught states we don't have the capacity to take more water at this point. It's best to just leave it out of our contract at this point in time, however, he'll talk to Lohman about it since it's a long term contract. Williams says this statement doesn't seem to mean much. Williams asks if Faught has to take it to council this week. Faught says no, he's going to try to rewrite it and then take it forward.

Meeting adjourned at 10:17am.

Respectfully submitted,
Emily Killam
Public Works Administrative Assistant