



# Council Business Meeting

August 15, 2023

<b>Agenda Item</b>	Talent-Ashland-Phoenix (TAP) Intertie New Operating Intergovernmental Agreement	
<b>From</b>	Scott Fleury PE	Public Works Director
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<b>Item Type</b>	Requested by Council <input type="checkbox"/> Update <input type="checkbox"/> Request for Direction <input checked="" type="checkbox"/> Presentation <input type="checkbox"/>	

## **SUMMARY**

Before the Council is a request to approve a new TAP Operating Intergovernmental Agreement (IGA) between the Cities of Talent, Ashland, and Phoenix. The TAP Communities have been operating together under an IGA that was developed in 2000 and amended several times since then. After development and acceptance of the TAP Master Plan Document the three communities determined it was in their best interest to develop and updated operating IGA that better outlined actual operating conditions and components of the master plan.

## **POLICIES, PLANS & GOALS SUPPORTED**

City Council Goals:

Essential Services

- Drinking Water System
- Stormwater

Enhance Value Services:

- Water Conservation
- Address Climate Change

Department Goals:

- Maintain existing infrastructure to meet regulatory requirements and minimize life-cycle costs
- Deliver timely life cycle capital improvement projects
- Maintain and improve infrastructure that enhances the economic vitality of the community
- Evaluate all city infrastructure regarding planning management and financial resources

## **PREVIOUS COUNCIL ACTIONS**

The Council has taken numerous actions associated with the TAP intertie system since acquiring water rights on Lost Creek Reservoir and providing for the initial capacity investment in the system. The last major action was acceptance of the TAP Master Plan:

1: [Staff Report](#)

2: [Minutes](#)

## **BACKGROUND AND ADDITIONAL INFORMATION**

In the late 1990s, the TAP Partner Cities collaborated in the development of a new water supply transmission project to provide domestic water from the Medford Water Commission (MWC) to their communities. The City of Talent (Talent) needed to replace its aging source of supply (water





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treatment facility on Bear Creek); the City of Phoenix (Phoenix) needed to supplement its existing supply from MWC; and the City of Ashland (Ashland) wanted access to a secondary emergency source of supply.

In 2000, the TAP Partner Cities entered into an IGA to construct the TAP water supply system from the MWC to Talent. Following the initial infrastructure improvements to supply water to Talent and Phoenix, several more system improvements were completed. In 2014, Ashland installed additional transmission facilities to provide an emergency supply source for its community. The original IGA was amended several times between 2000 and 2007 to reflect the changes in management and cost-sharing decision making because of the changes to facilities and operations. Other interlocal agreements were created to handle capital project cost sharing, and a 2006 agreement between just Talent and Ashland was created for emergency water service. In 2016, the TAP Partner Cities signed an IGA with RVCOG for provision of certain administrative services to support the functions of the TAP Water System.

With completion of the first long-range planning document for the TAP Water System, the TAP Water Master Plan, which was adopted by all TAP Partner Cities in 2022, it was acknowledged that a new IGA needed to be created that would improve management of the system and capture the latest understanding between the TAP Partner Cities, the capacity needs of each, and cost allocations to operate and maintain the TAP Water System. All three communities agreed to engage a consultant to assist in development of the new IGA. A scope and fee contract with Hansford Economic Consulting was agreed upon by all three communities and has subsequently been administered by the City of Phoenix. Hansford Economic Consulting has provided the financial analysis for each communities independent Water Master Plans and the TAP Master Plan and thus was well versed in assisting development of a new operating IGA.

The new IGA was developed in collaboration with Talent-Phoenix-Ashland staff with consultant support provided by Hansford and RH2 Engineering. The process took several months and was started in late 2022. The new IGA clarifies roles and responsibilities, management, and cost sharing of capital project expenses, operations, maintenance, and depreciation expenses. Methods for handling conflicts are described, and direction is provided for annual upkeep of the agreement as well as administrative actions to make management of the TAP Water System a continual process, while preserving historical record. The new IGA provides clear guidance on how to cooperatively manage the TAP Water System such that key information is preserved and decision-making kept in a formal, yet flexible, arrangement; this is particularly useful as staff turnover occurs at each TAP Partner City in the future.

The IGA in final form was reviewed and approved by all three entities Legal representation and the City's of Talent and Phoenix have already approved the IGA, reference attachment #2

## **FISCAL IMPACTS**

There are numerous fiscal implications associated with the IGA. The first being the contract associated with development of the IGA. All three communities agreed to contract with Hansford Consulting for assistance in developing the Operating IGA at a total amount of \$48,000, split equally among each community. There is



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approximately \$21,000 remaining on the contract with the project essentially finished upon approval by the City of Ashland Council. The City of Phoenix acted as contract lead agency for the Operating IGA update.

Additional fiscal impacts are outlined in the Operating IGA and developed out of the TAP Master Plan Financial Analysis and capacity share requirements, reference exhibits B, C and E specifically. These exhibits define the cost allocation, project costs and reserve fund requirements.

Lastly as part of the IGA development and discussion a secretary and financial administrator is required to administer the IGA, financials and monthly meetings. Currently the Rogue Valley Council of Governments (RVCOG) manages the financial billing system for all three communities, and they are interested in and willing to act as Secretary/Administrator as defined in the IGA. An updated scope/fee IGA will need to be developed with RVCOG and the TAP group moving forward.

## **DISCUSSION QUESTIONS**

Does the Council have any questions about the Operating IGA?

## **SUGGESTED NEXT STEPS**

Next steps include updating the current IGA with RVCOG to include the secretary and financial administrator work requirements of the IGA,

## **MOTION**

"I move approval of the new Intergovernmental Agreement between the cities of Talent, Ashland, and Phoenix for TAP water distribution system facilities, operations and maintenance management and cost-sharing, and authorize the City Manager to execute said IGA."

## **REFERENCES & ATTACHMENTS**

Attachment #1: TAP Operating Intergovernmental Agreement

Attachment #2: Talent and Phoenix staff reports-approval of IGA

**INTERGOVERNMENTAL AGREEMENT**

Between the Cities of Talent, Ashland, and Phoenix  
For TAP Water Distribution System Facilities,  
Operations and Maintenance Management and Cost-Sharing

This Intergovernmental Agreement (hereinafter “IGA” or “Agreement”) between the incorporated municipalities of Talent, Ashland, and Phoenix, hereinafter referred to collectively as the TAP PARTNERS, sets forth the terms and conditions for management and cost-sharing of the TAP WATER SYSTEM.

**SECTION 1: RECITALS**

WHEREAS, the TAP PARTNERS affirm that they are authorized to enter into intergovernmental agreements regarding the provision of water service pursuant to ORS 190.010; and

WHEREAS, the TAP PARTNERS have cooperatively developed and operated the TAP WATER SYSTEM since 2000; and

WHEREAS, it is in the interests of all TAP PARTNERS to continue development and operation of the TAP WATER SYSTEM; and

WHEREAS, this agreement does not give the TAP PARTNERS ownership in any other part of the water systems owned by ASHLAND, PHOENIX, and TALENT;

NOW THEREFORE, in consideration of the terms, conditions, stipulations and covenants herein contained, the TAP PARTNERS agree to the following:

**SECTION 2: DEFINITIONS**

1. ADMINISTRATIVE COSTS means expenses of any TAP PARTNER, the SECRETARY, and the FINANCIAL ADMINISTRATOR reasonably related to the operation and maintenance of the TAP WATER SYSTEM.
2. ASHLAND means City of Ashland, whose boundaries may be adjusted from time to time by annexation or other boundary actions.
3. CURRENT CAPACITY SHARE means the share of capacity of each TAP facility paid for by each TAP PARTNER, or as mutually agreed to in Section 7.3.
4. FACILITIES MAINTENANCE AND REPAIR COSTS means costs incurred for work conducted by City crews or by contractors retained by TAP PARTNERS that is either routine in nature, or triggered by an emergency repair situation. Items may include, but are not

limited to; emergency pipeline repairs, landscaping, valve replacements, generator repairs, and interior and exterior building painting at booster pump stations.

5. FINANCIAL ADMINISTRATOR means a third party contracted with the TAP PARTNERS to (1) handle assembly of all OPERATIONS AND MAINTENANCE COSTS each month, perform cost allocation among the TAP PARTNERS, and bill each TAP PARTNER their allocated cost each month, (2) record PROJECT COSTS, allocations and payments as provided by the LEAD TAP PARTNER for their PROJECT, and (3) provide quarterly financial statements to the TAP COMMITTEE.
6. FLOW means that certain volume of POTABLE WATER expressed in gallons per day as measured by water meters located throughout the TAP WATER SYSTEM.
7. FORCE MAJEURE EVENT means each or any act of war, insurrection, terrorism (foreign or domestic), strikes, walkouts, riots, floods, drought, earthquakes, tsunamis, hurricanes, fires, casualties, pandemics, acts of God, governmental restrictions imposed or mandated by governmental entities other than the TAP PARTNERS, enactment of conflicting State or Federal laws or regulations, and litigation or similar bases for excused performance that is not within reasonable control of the TAP PARTNER to be excused.
8. HISTORICAL WATER USE means the total water use as measured April 1 through March 31 for the past 5 years.
9. IGA means intergovernmental agreement.
10. JOINT BILLS means bills incurred for third-party services (such as power) to all jointly-owned TAP WATER SYSTEM facilities.
11. LEAD TAP PARTNER means the city administering a certain PROJECT(S) on behalf of the TAP PARTNERS.
12. MWC means Medford Water Commission.
13. OPERATION AND MAINTENANCE COSTS means actual costs to the TAP PARTNERS for wheeling of water between TAP PARTNERS through the TAP WATER SYSTEM, including all ADMINISTRATIVE COSTS, JOINT BILLS, and FACILITIES MAINTENANCE AND REPAIR COSTS.
14. ORS means Oregon Revised Statutes.
15. PHOENIX means City of Phoenix, whose boundaries may be adjusted from time to time by annexation or other boundary actions.

16. POTABLE WATER means water that has been treated by the MWC and delivered at certain points of connection in the TAP WATER SYSTEM.
17. PROJECTS means scopes of work of REHABILITATION and/or expansion of capacity in the TAP WATER SYSTEM, and TAP Master Water Plan updates. Replacement of a generator is a PROJECT, for example, whereas repair of a generator is FACILITIES MAINTENANCE AND REPAIR.
18. PROJECT COSTS means the capital costs of PROJECTS.
19. REHABILITATION means the replacement and/or upgrade of existing TAP WATER SYSTEM assets.
20. RVCOG means the Rogue Valley Council of Governments.
21. SDCs means system development charges as established in ORS 223.297 through ORS 223.316 or successor statutes.
22. SECRETARY means the TAP PARTNER or third party responsible for all secretarial duties during the current fiscal year. Secretarial duties include noticing meetings, conducting emergency polls, providing meeting minutes, and record-keeping.
23. TAP COMMITTEE means the representatives for ASHLAND, PHOENIX, and TALENT that meet to coordinate the affairs of the TAP WATER SYSTEM.
24. TALENT means City of Talent, whose boundaries may be adjusted from time to time by annexation or other boundary actions.
25. TAP PARTNERS means the cities of ASHLAND, PHOENIX, and TALENT.
26. TAP WATER SYSTEM means the shared facilities that together create the interconnected water system between the TAP PARTNERS.

### **SECTION 3: DESCRIPTION OF TAP FACILITIES, WATER AND ELECTRIC MEASUREMENT**

**3.1 Location of TAP Facilities.** Exhibit A illustrates the location and type of TAP Facilities. The SECRETARY shall cause the exhibit to be updated whenever capital improvements or decommissioning of facilities are made to the TAP WATER SYSTEM.

**3.2 TAP Water Master Plan.** The TAP Water Master Plan provides description of all the major TAP WATER SYSTEM Facilities. The TAP PARTNERS shall prepare updates of the TAP Water

Master Plan every five years, or as close to every five years as is practicable, in accordance with industry best practices. TAP Water Master Plan updates will be treated as a PROJECT, with a LEAD TAP PARTNER appointed by the TAP PARTNERS.

**3.3 Water and Electric Measurement.** The TAP PARTNERS are responsible for periodic testing and replacement of the water meters to ensure accurate meter reads for monthly billing purposes. The TAP PARTNERS are not responsible for electric measurement, which is the responsibility of the power provider.

#### **SECTION 4: FACILITIES INSURANCE**

**4.1 TAP WATER SYSTEM Insurance.** All TAP PARTNERS will carry insurance on all TAP WATER SYSTEM facilities that they operate. In the event of an insurance claim on a TAP facility shown in **Exhibit A**, the damages for which the policy holder is liable, and any resulting increase in insurance premium that can reasonably be isolated to the claim, shall be allocated among the holders of capacity of the affected TAP facility in a manner agreed to by the TAP PARTNERS. Costs shall be submitted to the FINANCIAL ADMINISTRATOR as an ADMINISTRATIVE COST, and reimbursement to the policy holder shall be made pursuant to Section 7.2.

#### **SECTION 5: REGIONAL WATER RIGHTS STRATEGY**

**5.1 Water Sharing Plan.** The TAP PARTNERS have each entered into an IGA with other regional partners to ensure the most efficient use of Rogue Valley water resources. Nothing within this IGA shall usurp any section of The Intergovernmental Agreement for a Coordinated Water Rights Management and Water Sharing Plan, effective September 19, 2022, and as it may be amended.

#### **SECTION 6: SYSTEM MANAGEMENT**

**6.1 General.** The TAP PARTNERS agree they shall coordinate their operations such that the conveyance of water is optimized to prevent water-related incidents resulting in leaks, excessive power bills, and hazardous conditions to the general public. The TAP PARTNERS agree to coordinate regarding the possible increase in water supply deliveries in an emergency to the extent necessary.

**6.2 TAP COMMITTEE Authority.** The TAP COMMITTEE is granted authority to monitor TAP WATER SYSTEM implementation, status, performance, and expenses in order to help ensure that the TAP WATER SYSTEM meets its intended purpose in the most efficient and effective manner. The TAP COMMITTEE has the authority to contract with RVCOG, or other entities to manage, operate, maintain, repair and replace any portion of the TAP SYSTEM.

Actions of the members of the TAP COMMITTEE must reflect the policies and directives of the TAP PARTNER they represent.

**6.3 TAP COMMITTEE Membership and Structure.** The TAP COMMITTEE will be composed of one (1) representative appointed by each TAP PARTNER. Each representative will serve until replaced by his or her city. Each TAP PARTNER shall appoint an alternate to serve in the absence of the TAP COMMITTEE representative.

**6.3.1 SECRETARY.** At the last regular meeting of the current fiscal year (July 1 through June 30) a SECRETARY shall be appointed, or if a third party, shall be engaged, by the TAP COMMITTEE for the forthcoming fiscal year.

**6.3.2 FINANCIAL ADMINISTRATOR.** At the last regular meeting of the current fiscal year (July 1 through June 30), or before, the TAP COMMITTEE will secure a renewed or new contract with the FINANCIAL ADMINISTRATOR for the forthcoming fiscal year.

**6.4 TAP COMMITTEE Voting Privileges.** Each member will have one (1) vote. No proxy votes shall be allowed. If the primary and alternate TAP COMMITTEE representatives are both in attendance at a TAP COMMITTEE meeting, the alternate shall not have a vote.

**6.5 Approval.** Any matter may be approved only by unanimous vote of the TAP COMMITTEE representatives.

## **6.6 Meetings.**

**6.6.1 Quorum.** All three (3) TAP COMMITTEE members and/or their alternates must be in attendance to have a quorum. Attendance may be in-person or virtual.

**6.6.2 Guests.** The TAP COMMITTEE shall invite guests to regularly scheduled meetings as needed for TAP business.

**6.6.3 Frequency.** The TAP COMMITTEE shall meet at least once every quarter (three months) at such time and place or virtual setting that best suits the TAP COMMITTEE representatives. An item of business at each meeting will be setting the date of the next meeting. The SECRETARY shall provide notice of the next meeting to all TAP COMMITTEE representatives and alternates at least one week in advance of the meeting. Meetings shall also be held at any time for any reason upon the request of any TAP COMMITTEE representative upon two (2) day's oral or written notice to the SECRETARY.

**6.6.4 Time and Place.** The time and place of meeting or virtual meeting shall be scheduled and determined by the SECRETARY in consultation with the TAP COMMITTEE representatives.

**6.6.5 Emergency Polls in Lieu of meetings.** Emergency poll votes, initiated by any TAP PARTNER, may be conducted in lieu of meetings if necessary or otherwise advisable. Each TAP COMMITTEE representative shall have two (2) days to respond to the poll. Non-responding TAP COMMITTEE representatives or their alternates shall be contacted



by the SECRETARY via email or telephone to ensure notice had been received and to obtain a confirmation of position. Once the results are received, they may be acted upon immediately. Any such results shall be ratified at the next meeting with a quorum of TAP COMMITTEE representatives.

**6.6.6 Minutes.** Written minutes shall be taken at each meeting. The SECRETARY shall prepare minutes. Minutes shall record all decision items taken by the TAP COMMITTEE and all major discussion items. Minutes shall be reviewed and approved at the next TAP COMMITTEE meeting and electronically stored by the SECRETARY.

**6.6.7 Conduct of Meetings.** In the event of a dispute, parliamentary procedure shall be conducted in accordance with the latest version of Robert's Rules of Order.

## **SECTION 7: ADMINISTRATIVE FUNCTIONS**

### **7.1 Responsibilities.**

**7.1.1 Records.** The SECRETARY is responsible for maintaining all records associated with this IGA. At the last regular meeting of the current fiscal year (July 1 through June 30), the TAP COMMITTEE shall review the records assembled by the SECRETARY, including updates to the Exhibits of this IGA completed by the FINANCIAL ADMINISTRATOR and SECRETARY.

**7.1.2 TAP COMMITTEE Reporting to TAP PARTNERS.** The TAP COMMITTEE may prepare reports to the TAP PARTNERS as the need arises. The TAP COMMITTEE will evaluate any proposed material changes to the TAP WATER SYSTEM included in this IGA and make recommendations to TAP PARTNERS as appropriate.

The TAP COMMITTEE is an advisory board whose members strictly represent the interest of the TAP PARTNERS. The TAP PARTNERS are not required to adopt an ordinance ratifying the creation of the TAP COMMITTEE pursuant to ORS 190.085 and are not subject to ORS 294 generally, including any requirement therein to undergo an annual budget process. TAP COMMITTEE representatives do not have the discretion to make independent policy decisions but instead carry out policy established by each TAP PARTNER regarding the delivery of water to each TAP PARTNER on behalf of the cities that they represent. The TAP COMMITTEE performs certain purely ministerial duties in addition to its advisory function on behalf of the TAP PARTNERS.

**7.2 Processing and Payment of Bills for OPERATIONS AND MAINTENANCE COSTS.** The FINANCIAL ADMINISTRATOR shall assume the following responsibilities.

**7.2.1 Receipt of Bills.** The FINANCIAL ADMINISTRATOR will receive and process all ADMINISTRATIVE COSTS, JOINT BILLS and FACILITIES MAINTENANCE AND REPAIR COSTS connected with the TAP WATER SYSTEM.

**7.2.2 OPERATIONS AND MAINTENANCE COSTS allocation.** The FINANCIAL ADMINISTRATOR will promptly record all bills received per 7.2.1 in an electronic folder, and will apportion each TAP PARTNER's responsibility for payment pursuant to **Exhibit B**, as it may be amended from time to time.

**7.2.3 Confirmation of Accuracy of Bills.** The FINANCIAL ADMINISTRATOR will make every reasonable effort to confirm the accuracy of all bills and charges received. However, each TAP PARTNER shall share responsibility for attempting to ensure that source billing information, such as meter reads, are timely and accurate.

**7.2.4 Payment of Bills and Notification to each TAP PARTNER of its Share.** The TAP PARTNERS and/or FINANCIAL ADMINISTRATOR will promptly pay all bills and charges received no later than the dates they are due. Any bills paid by TAP PARTNERS must be provided to the FINANCIAL ADMINISTRATOR at least quarterly. The FINANCIAL ADMINISTRATOR shall notify each TAP PARTNER of its contractual share of each bill received and paid via appropriate electronic means. Notification shall be sent to the TAP COMMITTEE representatives. Notification shall include an electronic copy of the applicable bill or charge.

**7.2.5 Reimbursement by TAP PARTNERS.** Each TAP PARTNER shall promptly reimburse the FINANCIAL ADMINISTRATOR for its share of the bills paid by the FINANCIAL ADMINISTRATOR or other TAP PARTNERS pursuant to this IGA. Payment shall be made no later than thirty (30) days after the date of the notice described in 7.2.4.

**7.2.6 Reminder Notices.** The FINANCIAL ADMINISTRATOR shall send a reminder notice via appropriate electronic means to any TAP PARTNER that has failed to pay a billed charge thirty (30) days after the date of delivery of the invoice.

**7.3 Processing and Payment of Bills for PROJECT COSTS.** PROJECTS may be administered by any TAP PARTNER. The LEAD TAP PARTNER for a PROJECT(S) will assume the same responsibilities as the FINANCIAL ADMINISTRATOR for Sections 7.2.1, 7.2.2, 7.2.3, and 7.2.5, and each TAP PARTNER shall, within thirty (30) days of receiving notice of the bills, promptly reimburse the LEAD TAP PARTNER for its share of the bills, which may have already been paid by the LEAD TAP PARTNER.

**7.3.1 PROJECT COSTS Allocation.** The LEAD TAP PARTNER will allocate PROJECT COSTS to the TAP PARTNERS per the terms of the IGA for that PROJECT. Any time a new PROJECT IGA is approved by the TAP PARTNERS, it will be added to the list of PROJECTS in **Exhibit C**. A template for creation of a new PROJECT IGA is provided in **Exhibit D**.

**7.3.2 PROJECT Financing Costs.** Any financing costs incurred will be allocated according to the percentage allocations specified in **Exhibit C** if the LEAD TAP PARTNER finances

the entire PROJECT. When each TAP PARTNER secures its own financing costs for its share of a PROJECT the LEAD TAP PARTNER will not allocate any financing charges.

**7.3.3 PROJECT COSTS record keeping.** Every quarter, the LEAD TAP PARTNER(S) will provide records of PROJECT COSTS and payments to the FINANCIAL ADMINISTRATOR for preparation of quarterly financial statements.

**7.4 Accounting.** The FINANCIAL ADMINISTRATOR shall keep accurate books and records of all bills and other charges received and paid in connection with the TAP WATER SYSTEM, and of all payments received by TAP PARTNERS in reimbursement of bills and charges. All accounting shall be conducted in accounting software that can be easily transferred to other users.

## **SECTION 8: SYSTEM DEVELOPMENT CHARGES**

**8.1 System Development Charges.** The TAP PARTNERS agree to independently collect Water SDCs for reimbursement and improvement costs associated with the TAP WATER SYSTEM. The SDCs will be different for each TAP PARTNER based on their share of estimated PROJECT COSTS described in the Water Master Plan, or as subsequently identified by the TAP COMMITTEE.

**8.1.1 Use of Reimbursement Water SDCs.** The TAP portion of Reimbursement Water SDCs collected by TAP WATER PARTNERS will be retained by each TAP PARTNER to pay for its cost share of REHABILITATION PROJECTS.

**8.1.2 Use of Improvement Water SDCs.** The TAP portion of Improvement Water SDCs collected by TAP WATER PARTNERS will be retained by each TAP PARTNER to pay for its cost share of expanded capacity in the TAP WATER SYSTEM.

## **SECTION 9: TAP WATER SYSTEM REHABILITATION FISCAL RESPONSIBILITY**

**9.1 REHABILITATION Reserve Funds.** Each TAP PARTNER will establish a TAP REHABILITATION Reserve Fund wherein monies will accumulate for TAP WATER SYSTEM REHABILITATION. Each year, the TAP PARTNERS shall establish the amount to be funded within each TAP PARTNER's respective budget using information contained in **Exhibit E**, which shall be updated annually by the SECRETARY.

**9.2 Use of Designated Funds.** Reimbursement Water SDC and Rehabilitation Reserve Funds are Designated Funds which revenues may collectively be used by a TAP PARTNER to fund their allocated share of REHABILITATION PROJECTS COSTS.

## **SECTION 10: DELINQUENT PAYMENTS AND PENALTIES**

**10.1 Delinquency.** Monthly payments for OPERATIONS AND MAINTENANCE COSTS are due on the first day of each month and are delinquent on the 15<sup>th</sup> day of each month. Delinquent payments are subject to interest accrual of 10%.

**10.2 PROJECT COST Delinquency.** The LEAD TAP PARTNER for a PROJECT will administer any delinquency penalties per the terms of the IGA for that PROJECT.

## **SECTION 11: DISPUTE RESOLUTION**

**11.1 Dispute Resolution Steps.** If a dispute arises between the TAP PARTNERS regarding this IGA, the TAP PARTNERS shall attempt to resolve the dispute through the following steps:

1. Step One – Negotiation. The TAP COMMITTEE members, or such other persons designated by each TAP PARTNER, will negotiate on half of the TAP PARTNER they represent. If the dispute is resolved at this step, there shall be a written determination of such resolution signed by the committee members or designated persons and ratified by their respective governing body, which shall be binding upon each of the TAP PARTNERS.
2. Step Two – Mediation. If the dispute cannot be resolved within 30 days of commencing Step One, the parties shall submit the matter to non-binding mediation. TAP COMMITTEE members shall attempt to agree on a mediator. If they cannot agree, then they shall request the Jackson County Circuit Court to appoint a mediator as provided in ORS Chapter 36. The cost of mediation shall be borne equally between the TAP PARTNERS. Each TAP PARTNER shall be responsible for its own costs and fees. The TAP PARTNERS agree to mediate in good faith. If the issues are resolved at this Step, a written determination of such resolution shall be signed by each TAP PARTNER Mayor and ratified by each City Council.
3. Step Three – Arbitration. If the TAP PARTNERS are unsuccessful at Steps One and Two, then the dispute shall be settled by arbitration. The parties shall attempt to agree on an arbitrator. If they cannot agree upon an arbitrator within ten days, the parties shall submit the matter of determining an arbitrator to the Presiding Judge of the Jackson County Circuit Court. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction. The decision of the arbitrator shall be final and binding upon all parties and there shall be no appeal to any court. Expenses of arbitration shall be borne by the losing party or parties. Each party shall pay its own attorney fees in such arbitration unless the arbitrator orders otherwise.

## **SECTION 12: INDEMNIFICATION AND FORCE MAJEURE**

**12.1 Indemnification.** Subject to the limitations and conditions of the Oregon Tort Claims Act, ORS 30.260 through 30.300 and the Oregon Constitution, Article XI, Section 7, the TAP PARTNERS agree to save, hold harmless and indemnify each other from any loss, damage, injury, claim, or demand by a third party against either party to this IGA arising from the activities of the other party in connection with this IGA. No party shall be required to indemnify

any other party for any liability arising out of the wrongful act of another party or the wrongful act on an agent of another party.

**12.2 Force Majeure.** In addition to the specific provisions of this Agreement, performance by any TAP PARTNER will not be considered in default where delays or failure to perform or conform to the terms of this IGA is due to a Force Majeure event as defined herein.

### **SECTION 13: NOTICES**

**13.1 Mailed Notices.** Any notice required or permitted to be given, is agreed to be given in writing and will be effective upon receipt for hand delivery or upon actual receipt or three (3) days after mailing, whichever is earlier, for notices delivered by U.S. mail, first class postage prepaid, addressed to the TAP PARTNERS as follows:

City of ASHLAND  
Attn: City Manager  
20 East Main Street  
Ashland, OR 97520

City of PHOENIX  
Attn: City Manager  
PO Box 330  
Phoenix, OR 97535

City of TALENT  
Attn: City Manager  
PO Box 445  
Talent, OR 97540

### **SECTION 14: AMENDMENTS**

**14.1 Entire Agreement.** This document and all Exhibits shall constitute the entire Agreement between the TAP PARTNERS. The SECRETARY will maintain a list of all current TAP WATER SYSTEM IGAs in **Exhibit F** of this IGA.

**14.2 Amendments.** All amendments, modifications, or changes to the provisions of this Agreement in whole or in part, may be entered into at any time upon mutual agreement, signed by all TAP PARTNERS. The IGA may be voided at any time upon mutual agreement, signed by all TAP PARTNERS.

**14.3 Transfer of Interest.** No TAP PARTNER shall assign or transfer any of its interest in this Agreement without the prior written consent of the other TAP PARTNERS.

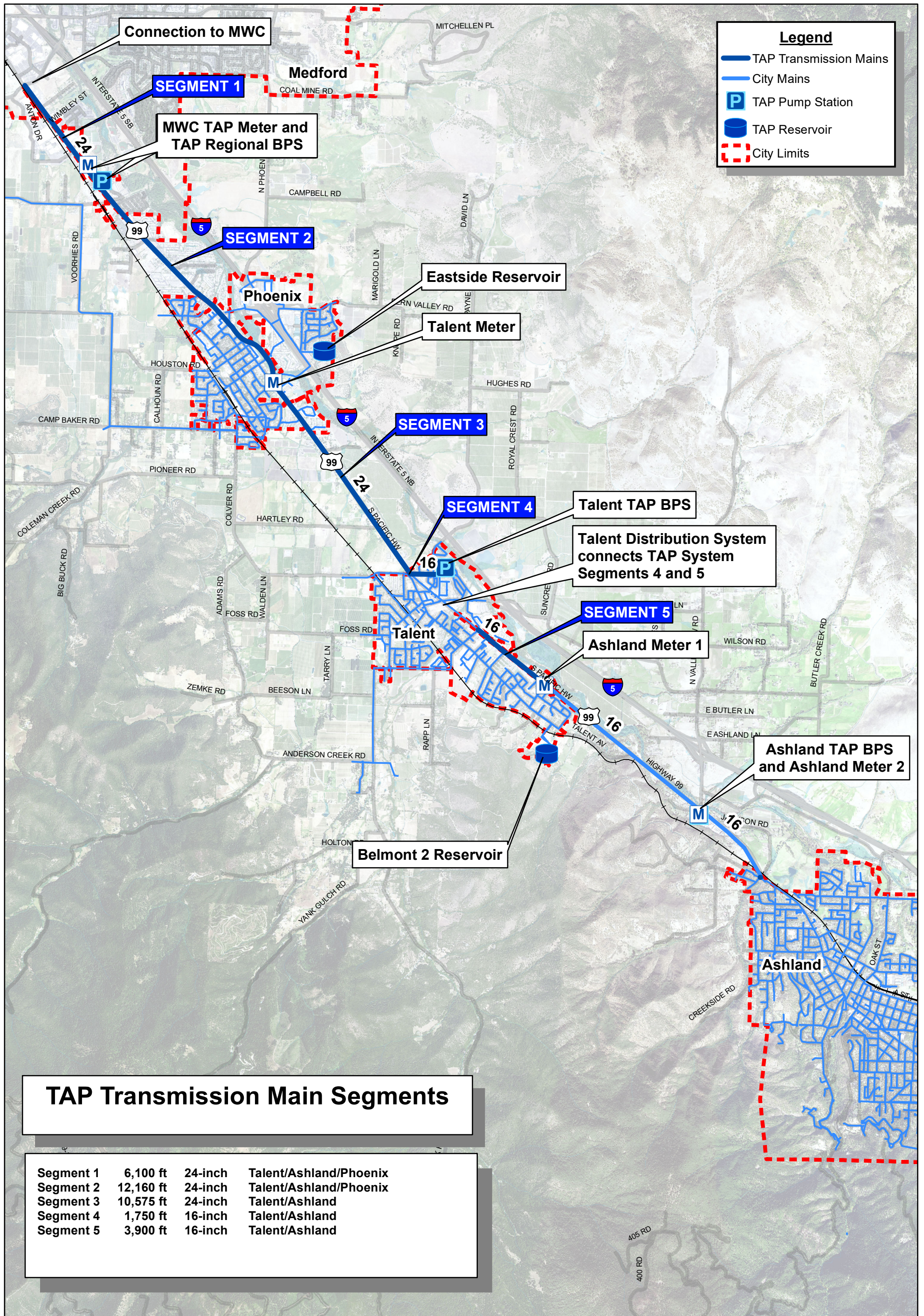
### **SECTION 15: ADDITIONAL PROVISIONS**

**15.1 Exclusive Property.** All work produced by or for the TAP PARTNERS regarding the TAP WATER SYSTEM shall be the exclusive property of the TAP PARTNERS. Any person(s) or entities may obtain a copy of any public record by paying for the reproduction costs of the item(s) requested.



**Exhibit A**  
**TAP Facilities**

Exhibit A illustrates and describes the facilities of the TAP WATER SYSTEM. The SECRETARY shall maintain and update this exhibit annually every April.



**Legend**

- TAP Transmission Mains
- City Mains
- P TAP Pump Station
- TAP Reservoir
- City Limits

### TAP Transmission Main Segments

Segment 1	6,100 ft	24-inch	Talent/Ashland/Phoenix
Segment 2	12,160 ft	24-inch	Talent/Ashland/Phoenix
Segment 3	10,575 ft	24-inch	Talent/Ashland
Segment 4	1,750 ft	16-inch	Talent/Ashland
Segment 5	3,900 ft	16-inch	Talent/Ashland

J:\DATA\TAP1\_CADGIS\GISMAPS\TAP\_2023\_IGA\_TAP\_FACILITIES.MXD BY: HFARRIS PLOT DATE: JAN 17, 2023 COORDINATE SYSTEM: NAD 1983 STATEPLANE OREGON SOUTH FIPS 3602 FEET

**NORTH**

1 inch = 4,000 feet

0 1,000 2,000 4,000 Feet

DRAWING IS FULL SCALE WHEN BAR MEASURES 1"

## Exhibit A Existing TAP Facilities

### Talent, Ashland, and Phoenix TAP Intergovernmental Agreement

**Vicinity Map**

This map is a graphic representation derived from the Cities' of Talent, Ashland, and Phoenix (Cities') Geographic Information System. It was designed and intended for Cities' staff use only; it is not guaranteed to survey accuracy. This map is based on the best information available on the date shown on this map.

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## **Exhibit B**

### **TAP OPERATIONS AND MAINTENANCE COSTS AND COST ALLOCATION**

It is the obligation of each TAP PARTNER to submit monthly, but no less than quarterly, the following OPERATIONS AND MAINTENANCE COSTS data, which list may be amended from time to time, to the FINANCIAL ADMINISTRATOR.

#### **1. ADMINISTRATIVE COSTS**

- a) TAP PARTNER administrative costs relating to the TAP WATER SYSTEM
- b) FINANCIAL ADMINISTRATOR costs
- c) Other administrative costs

#### **2. JOINT BILLS**

- a) Power Bills for electricity consumption at the booster pump stations
- b) Medford Water Commission bills
- c) Other shared bills

#### **3. FACILITIES MAINTENANCE AND REPAIR COSTS**

- a) Regional Booster Pump Station maintenance and repair costs
- b) Talent Booster Pump Station maintenance and repair costs
- c) Pipeline repairs costs
- d) Other maintenance costs

The FINANCIAL ADMINISTRATOR shall update Table B.1 every April for use in cost allocation the following fiscal year. The FINANCIAL ADMINISTRATOR shall allocate TAP OPERATIONS AND MAINTENANCE COSTS to the TAP PARTNERS using the cost allocation methodologies in Table B.2, or other cost allocations as mutually agreed to by the TAP PARTNERS, the following fiscal year. If any alternate, mutually agreed to, methodology(ies) is(are) used in any year, it(they) must be documented by the SECRETARY in the IGA.

Each April, the SECRETARY shall coordinate with the FINANCIAL ADMINISTRATOR to update the IGA Tables B.1 and B.2 as follows:

1. Historical water use records will be used to update Table A.1 to the most recent 5-year period.
2. ADMINISTRATIVE COSTS, JOINT BILLS, and FACILITIES MAINTENANCE AND REPAIR COSTS shall be added or removed as necessary in Table B.2.

**Table B.1**  
**Historical Water Use**

TAP PARTNER	April through March					HISTORICAL WATER USE	Phoenix & Talent	Talent & Ashland	All Partners
	2018/19	2019/20	2020/21	2021/22	2022/23				
	<i>thousands of gallons</i>					[1]	HISTORICAL WATER USE Allocation		
Phoenix	202,861	209,751	201,420	132,825	52,443	159,860	37.13%	0.00%	30.89%
Talent	266,438	266,080	277,917	262,639	280,065	270,628	62.87%	75.66%	52.29%
Ashland	66,479	8,265	48,020	166,832	145,690	87,057	0.00%	24.34%	16.82%
<b>Total</b>	<b>535,778</b>	<b>484,096</b>	<b>527,357</b>	<b>562,296</b>	<b>478,198</b>	<b>517,545</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

[1] By default this is the 5-year rolling average; however, the TAP PARTNERS may, by mutual agreement, change the allocation of costs based on HISTORICAL WATER USE for special circumstances.

**Table B.2  
Operations and Maintenance Costs Allocated by the Financial Administrator**

<b>Operations and Maintenance Costs</b>	<b>Charge Type or Frequency</b>	<b>Allocation Methodology</b>
<b>ADMINISTRATIVE COSTS</b>		
Preparation of Financial Statements	No less than Quarterly	Equal Thirds
RVCOG Supplies	No less than Quarterly	Equal Thirds
<b>JOINT BILLS</b>		
<b>Power Bills</b>		<b>for each Booster Station</b>
Basic Charges	flat monthly fee	Historical Water Use (All)
Public Purpose	variable monthly fee	Metered Power Use
Energy Conservation	variable monthly fee	Metered Power Use
Low Income Assistance	variable monthly fee	Metered Power Use
J C Boyle Dam Removal	variable monthly fee	Metered Power Use
Copco Iron Gate Dams Removal	variable monthly fee	Metered Power Use
Medford City Franchise	variable monthly fee	Metered Power Use
Metered Use	variable monthly fee	Metered Power Use
<b>Medford Water Commission Bills</b>		
Water Use	variable monthly fee	Metered Water Use
RBPS Master Meter	flat monthly fee	Equal Thirds
Medford Utility Fees	flat monthly fee	Historical Water Use (All)
<b>Other Shared Bills</b>		
SOS Alarm @ RBPS	flat monthly fee	Equal Thirds
<b>FACILITIES MAINTENANCE AND REPAIR COSTS</b>		
<b>RBPS Maintenance</b>		
Hardware [2]	No less than Quarterly	Historical Water Use (All)
Labor	No less than Quarterly	Equal Thirds
<b>TBPS Maintenance</b>		
Hardware [2]	No less than Quarterly	Historical Water Use (Talent/Ashland)
Labor	No less than Quarterly	Equal Halves (Talent/Ashland)
<b>Pipeline Repairs [2]</b>		<b>for each Pipeline Segment</b>
Segment 1 (Phoenix/Talent/Ashland)	No less than Quarterly	Historical Water Use (All)
Segment 2 (Phoenix/Talent/Ashland)	No less than Quarterly	Historical Water Use (All)
Segment 3 (Phoenix/Talent/Ashland)	No less than Quarterly	Historical Water Use (All)
Segment 4 (Talent/Ashland)	No less than Quarterly	Historical Water Use (Talent/Ashland)
Segment 5 (Talent/Ashland)	No less than Quarterly	Historical Water Use (Talent/Ashland)

[1] Examples include electrical and radio programming work completed by contractors and landscape maintenance work completed by City crews.

[2] Routine and emergency repairs (not replacements/upgrades). May be conducted by City crews or contractors.

## Exhibit C

### TAP PROJECTS COSTS

Exhibit C catalogs cost share among TAP PARTNERS for PROJECTS. The SECRETARY shall maintain and update this exhibit annually every April.

<b>Interlocal Agreement</b>	<b>LEAD TAP PARTNER</b>	<b>Exhibit F IGA #</b>	<b>Phoenix</b>	<b>Talent</b>	<b>Ashland</b>	<b>Total</b>
ARPA IGA	Ashland	P.1	17.71%	40.92%	41.37%	100.00%

## Exhibit D

### INTERGOVERNMENTAL AGREEMENT FOR \_\_\_\_\_*[name of the Project]*\_\_\_\_\_ AMONG THE CITIES OF TALENT, ASHLAND, AND PHOENIX

This Intergovernmental Agreement (hereinafter "Agreement") is entered into by and among the Cities of Talent, Ashland, and Phoenix, Oregon, hereinafter collectively referred to as the "PARTNERS" and "TALENT", "ASHLAND", and "PHOENIX" when referred to individually.

#### RECITALS

- A. *[First recital]*
- B. *[Second recital]*
- C. *[Third recital]*
- D. *[add recitals as appropriate]*
- E. The PARTNERS agree that \_\_\_\_\_*[name of Project]*\_\_\_\_ labor costs incurred by \_\_*[Lead TAP PARTNER]*\_\_\_\_'s Project Manager will be split among PARTNERS, at the rate of \_\_*[\$rate]*\_\_ per hour, according to this cost share basis; City of Phoenix is responsible for \_\_*[x%]*\_\_, City of Talent is responsible for \_\_*[x%]*\_\_, and City of Ashland is responsible for \_\_*[x%]*\_\_, as calculated in the attached \_\_*["Exhibit #"]*\_\_ and incorporated herein by this reference.

#### AGREEMENT

**NOW THEREFORE**, in consideration of the terms and conditions contained herein, the PARTNERS hereby agree to the following:

1. RECITALS/PURPOSE.

The above-listed recitals are true and correct and are specifically adopted and incorporated herein as the purpose of this Agreement.

2. DEFINITIONS.

- A. "TAP System" means the Talent, Ashland, Phoenix water transmission system, including transmission/distribution lines, reservoirs (tanks), pump stations, and assorted appurtenances.
- B. "Technical Advisory Committee" or "TAC" means a group comprised of at least one (1) representative from each of the PARTNERS. The Technical Advisory Committee function will be to assist in \_\_\_[activities necessary for the project such as project design, engineering, bidding, and construction management]\_\_\_.

C. *[add as needed]*

### 3. RESPONSIBILITIES.

#### A. The PARTNERS:

- 1. Agree to form a Technical Advisory Committee (hereinafter the "TAC") consisting of at least one (1) member from each of the PARTNERS. The TAC will meet regularly to review \_\_\_[as relevant for the project - projects, design progress, construction progress, and other items as necessary]\_\_\_.
- 2. Agree to provide, in a timely manner, the necessary information and facility access required for \_\_\_[execution the project – could be the design, engineering, bidding and construction of projects, for example].
- 3. Agree to pay the identified, allocated cost of the project on the basis of \_\_\_[describe the basis, could be by capacity, equal split, or other basis]\_\_\_, plus project labor costs incurred by *[the Lead TAP PARTNER]* at the rate of \_\_\_[\$x]\_\_\_ per hour.
- 4. Agree that each PARTNER affirms that they have the legal authority to construct the public improvements listed in this Agreement without regard to whether these improvements lie within easements, public rights-of-way, or real estate owned by the PARTNERS \_\_\_[strike or modify as relevant to the Project; updating the Master Plan would not need this, for example]\_\_\_

#### B. *[name of LEAD TAP PARTNER]:*

- 1. Agrees to award and administer contracts, pursuant to Oregon's Public Contracting Code and the \_\_\_[name of the City]\_\_\_ Municipal Code, with an \_\_\_[type of consultant, such as engineering consultant]\_\_\_ qualified to \_\_\_[perform the work, develop the improvements and so forth]\_\_\_ to complete the Project.

2. Agrees to pay  [frequency, most likely monthly]  invoices to those  [describe the type of consultant(s)]  awarded a contract(s) pursuant to this Agreement on behalf of the PARTNERS.
3. Agrees to coordinate as necessary with the selected consultant  [for description of the Project] .
4. Agrees to invoice the PARTNERS monthly for any fees associated with the Project  –[add any necessary description of payment or total cost] .

C.  [name of 2<sup>ND</sup> City] :

1. Agrees to reimburse the  [name of Lead TAP PARTNER]  for  [name of 2<sup>nd</sup> City]  total share of the costs of the Project within thirty (30) days of invoicing by  [name of the Lead TAP PARTNER] .
2. Agrees to coordinate as necessary with the selected consultant  [provide more description] .
3.  [add as needed] .

D.  [name of 3<sup>RD</sup> City] :

1. Agrees to reimburse the  [name of Lead TAP PARTNER]  for  [name of 3<sup>rd</sup> City]  total share of the costs of the Project within thirty (30) days of invoicing by  [name of the Lead TAP PARTNER] .
2. Agrees to coordinate as necessary with the selected consultant  [provide more description] .
3.  [add as needed] .

4.  [name of the]  PROJECT, ESTIMATED PROJECT COSTS, AND PROPOSED WORK PLAN.

- A. The PARTNERS agree to complete the project(s) identified in this Agreement and agree that the projects have been selected from the TAP Water System Master Plan  [or other document]  are attached hereto as  [“Exhibit #”]  and fully incorporated herein by this reference.
- B. Cost estimates including  [whatever is included, such as engineering, construction costs]
- C.  [add as needed]

5. DISPUTE RESOLUTION.

If the TAC determines that there is a dispute between any of the PARTNERS, and the TAC is unable to reach a resolution to such conflict through negotiation within ten (10) business days of a party giving notice to the other PARTNERS that a dispute has arisen, the dispute shall be presented to the executive officers of the PARTNERS (or their designated representatives) for resolution. In the event the dispute is not resolved using the above process, a party may proceed to mediation. To begin the mediation process, the partners will each submit three (3) names of potential mediators and shall agree upon a mutually acceptable mediator from the list of names. The costs of mediation shall be borne equally among the PARTNERS. In the event the dispute is not resolved using the above mediation process, the dispute shall be subject to binding arbitration. Arbitration shall be conducted pursuant to the rules of the Arbitration Service of Portland and shall be conducted in Jackson County, Oregon, unless otherwise agreed by the PARTNERS. The prevailing party in such action shall be entitled to recover its reasonable attorney fees, costs, and expenses from the non-prevailing party or parties.

6. LIABILITY, INDEMNITY AND HOLD HARMLESS.

A. INDEMNIFICATION. To the extent allowed by the Oregon Constitution and the Oregon Tort Claims act, the PARTNERS hereby agree to indemnify, save, hold harmless, and defend each other from and against any claims, liabilities, or damages, including attorney fees, arising out of or related to the error, omission or negligence on the part of the indemnifying party, its officers, agents, or employees in the performance of this Agreement.

B. STATUS. In providing the services specified in this Agreement (and any associated services) the PARTNERS are public bodies and maintain their public body status as specified in ORS 30.260. The PARTNERS understand and acknowledge that each retains all immunities and privileges granted to them by the Oregon Tort Claims Act and any and all other statutory rights granted as a result of their status as local public bodies.

7. TERM AND TERMINATION.

The Agreement shall be effective upon the date of execution by all of the PARTNERS (hereinafter the "Effective Date") and shall continue in full force and effect until   [date]  . If the PARTNERS sign on separate dates, the last date shall be the Effective Date. Any PARTNER may agree to terminate its participation in this Agreement at any time by giving not less than fifteen (15) days prior written notice to the other PARTNERS, provided, however, that once a contract with the selected Consultant or Construction Contractor has been signed, the terminating PARTNER agrees to pay its full pro-rata share of the cost of such contract to   [name of Lead TAP PARTNER]  .



8. NOTICE.

Whenever notice is required or permitted to be given under this Agreement, such notice shall be given in writing to the other parties: by personal delivery; by sending via a reputable commercial overnight courier; or by mailing using registered or certified United States mail, return receipt requested, postage prepaid, to the address(es) set forth below:

If to ASHLAND:

---

*[Name] [Position]*  
City of Ashland Public Works  
20 E Main St.  
Ashland, Oregon 97520

If to PHOENIX:

---

*[Name] [Position]*  
City of Phoenix  
112 W 2nd St.  
Phoenix, Oregon 97535

If to TALENT:

---

*[Name] [Position]*  
City of Talent  
110 E Main St  
Talent, Oregon 97540

9. INSURANCE.

Each PARTNER shall, at its own expense, obtain and maintain during the term of this Agreement a policy or policies of liability insurance including commercial general liability insurance with a combined single limit, or the equivalent, of not less than \$2,000,000 (two million dollars) per occurrence for Bodily Injury, Death, and Property Damage. Notwithstanding the foregoing, each PARTNER may partially or fully meet the obligations of this section by means of self-insurance.

10. FORCE MAJEURE.

None of the parties to this Agreement shall hold the other parties responsible for damages or delay in performance caused by acts of God, strikes, lockouts, accidents, or other events beyond the control of the other or the other's officers, employees, or agents.

11. GOVERNING LAW.

This Agreement shall be governed by the laws of the State of Oregon without regard to conflict of laws principles. Exclusive venue for litigation of any action arising under this Agreement shall be in the Circuit Court of the State of Oregon for Jackson County unless exclusive jurisdiction is in federal court, in which case exclusive venue shall be in the federal district court for the district of Oregon.

12. AMENDMENTS.

This Agreement may be amended at any time by the mutual, written agreement of the PARTNERS.

13. ENTIRE AGREEMENT.

This Agreement contains the complete understanding of the parties with respect to the subject matter hereof. Any prior agreements, promises, negotiations, or representations of or between the parties, either oral or written, relating to the subject matter of this Agreement, which are not expressly set forth in this Agreement, are null and void and of no further force or effect.

14. WAIVER.

The waiver by any party of a breach or violation of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach thereof. No delay or failure to require performance of any provision of this Agreement shall constitute a waiver of that provision as to that or any other instance.

15. SEVERABILITY.

If any of the provisions contained in this Agreement are held illegal, invalid, or unenforceable by a court of competent jurisdiction, the remaining provisions shall remain in full force and effect.

IN WITNESS THEREOF, the parties hereto have caused this Agreement to be signed by their proper officers on the dates set forth below.

---

*[Name of]*  
City Manager  
City of Ashland

DATE

---

*[Name of]*  
City Manager  
City of Phoenix

DATE

---

*[Name of]*  
City Manager  
City of Talent

DATE

## **Exhibit E**

### **TAP REHABILITATION Reserve Funds**

The SECRETARY shall maintain a list of TAP Assets as shown in Table E.1. Each year in April, the table shall be updated per the following steps:

1. Assets retired shall be removed from the list and assets added shall be added to the list.
2. The replacement cost of assets (column 4 of Table E.1) will be updated using the Engineering News Record Construction Cost Index (ENR CCI) March to March change for the prior twelve months.

Annual depreciation (column 9 of Table E.1.) shall be allocated among the TAP PARTNERS according to CURRENT CAPACITY SHARE as detailed in the TAP Master Plan, or as mutually agreed to by the TAP PARTNERS. CURRENT CAPACITY SHARE, detailed in Table E.2, shall be updated April of each year by the SECRETARY.

TAP PARTNERS shall each establish a TAP REHABILITATION Reserve Fund into which each TAP PARTNER shall deposit an amount at least equal to the minimum collection shown in Table E.2 the following fiscal year. The SECRETARY shall update the minimum collection amounts each year upon mutual agreement of the TAP PARTNERS.

**Table E.1**  
**TAP Water System Joint Assets**

1	2	3	4	5	6	7	8	9
Original Facilities	Estimated Replacement Cost		Useful Life	Year Installed	Years Depreciated	Remaining Life	Annual Depreciation	
	Data Source	Current						
<b>Pipelines Segments</b>		<b>2018 \$'s</b>	<b>2023 \$'s</b>	<b>years</b>				
1	Hwy 99 (MWC connection Garfield St. to RBPS)	\$2,973,750	\$3,575,488	80	2001	22	58	\$44,694
2	Hwy 99 (RBPS to Talent Meter)	\$5,928,000	\$7,127,530	80	2001	22	58	\$89,094
3	Hwy 99 (Talent Meter to Suncrest Rd)	\$5,155,313	\$6,198,489	80	2001	22	58	\$77,481
4	Suncrest Rd (Hwy 99 to TBPS)	\$710,938	\$854,796	80	2001	22	58	\$10,685
5	Hwy 99 (Rapp Rd to Creel Rd)	\$1,584,375	\$1,904,973	80	2013	10	70	\$23,812
<b>Total Pipelines</b>		<b>\$16,352,375</b>	<b>\$19,661,276</b>					<b>\$245,766</b>
<b>Regional Booster Pump Station</b>		<b>2017 \$s</b>	<b>2023 \$'s</b>					
	110 Pump	\$60,000	\$77,000	40	2005	18	22	\$1,925
	120 Pump	\$60,000	\$77,000	40	2005	18	22	\$1,925
	130 Pump	\$80,000	\$103,000	40	2005	18	22	\$2,575
	140 Pump	\$80,000	\$103,000	40	2005	18	22	\$2,575
	MOV 110	\$7,500	\$10,000	40	2005	18	22	\$250
	Check Valve 110	\$4,000	\$5,000	40	2005	18	22	\$125
	MOV 120	\$7,500	\$10,000	40	2005	18	22	\$250
	Check Valve 120	\$4,000	\$5,000	40	2005	18	22	\$125
	MOV 130	\$7,500	\$10,000	40	2005	18	22	\$250
	Check Valve 130	\$4,000	\$5,000	40	2005	18	22	\$125
	MOV 140	\$7,500	\$10,000	40	2005	18	22	\$250
	Check Valve 140	\$4,000	\$5,000	40	2005	18	22	\$125
	VFD 1	\$20,000	\$26,000	20	2005	18	2	\$1,300
	VFD 2	\$20,000	\$26,000	20	2005	18	2	\$1,300
	Electrical Equipment	\$40,000	\$51,000	30	2005	18	12	\$1,700
	Telemetry and SCADA	\$25,000	\$32,000	20	2005	18	2	\$1,600
	Building	\$300,000	\$385,000	100	2005	18	82	\$3,850
	Generator	\$32,000	\$41,000	20	2005	18	2	\$2,050
<b>Total Regional Booster Pump Station</b>		<b>\$763,000</b>	<b>\$981,000</b>					<b>\$22,300</b>
<b>Talent Booster Pump Station</b>		<b>2017 \$s</b>	<b>2023 \$'s</b>					
	Pump 1	\$40,000	\$51,000	10	2005	18	0	\$5,100
	Pump 2	\$40,000	\$51,000	10	2005	18	0	\$5,100
	Replacement Pump 1 (100 to 125 hp)	\$86,000	\$110,000	40	2015	8	32	\$2,750
	Replacement Pump 2 (100 to 125 hp)	\$86,000	\$110,000	40	2015	8	32	\$2,750
	Pump 1 Piping and Valves	\$4,000	\$5,000	30	2005	18	12	\$167
	Pump 2 Piping and Valves	\$4,000	\$5,000	30	2005	18	12	\$167
	VFD 1	\$20,000	\$26,000	20	2005	18	2	\$1,300
	VFD 2	\$20,000	\$26,000	20	2005	18	2	\$1,300
	Electrical Equipment	\$40,000	\$51,000	30	2005	18	12	\$1,700
	Telemetry and SCADA	\$15,000	\$19,000	20	2005	18	2	\$950
	Building [1]	\$0	\$0	100	2005	18	82	\$0
	Generator	\$32,000	\$41,000	20	2005	18	2	\$2,050
<b>Total Talent Booster Pump Station</b>		<b>\$387,000</b>	<b>\$495,000</b>					<b>\$23,333</b>
<b>Total Replacement Cost Estimate</b>			<b>\$21,137,276</b>					<b>\$291,399</b>

[1] Considered a sunk cost. The building was already owned by the City of Talent.

**Table E.2**  
**TAP Water System Assets Allocation of Annual Depreciation and**  
**Minimum Collection by each TAP PARTNER**

<b>Cost Component</b>	<b>Column 9 Table E.1</b>	<b>Phoenix</b>	<b>Talent</b>	<b>Ashland</b>
<b>Pipeline Segment Use by City</b>		<i>Cost Allocation by Capacity Share</i>		
Segment 1		21.78%	58.83%	19.39%
Segment 2		21.78%	58.83%	19.39%
Segment 3		0.00%	57.31%	42.69%
Segment 4		0.00%	57.31%	42.69%
Segment 5		0.00%	41.48%	58.52%
<b>Pipelines Annual Depreciation Allocation</b>				
Segment 1	<b>\$44,694</b>	\$9,734	\$26,293	\$8,666
Segment 2	<b>\$89,094</b>	\$19,405	\$52,414	\$17,275
Segment 3	<b>\$77,481</b>	\$0	\$44,408	\$33,073
Segment 4	<b>\$10,685</b>	\$0	\$6,124	\$4,561
Segment 5	<b>\$23,812</b>	\$0	\$9,878	\$13,934
<b>Subtotal Pipelines Cost Allocation</b>	<b>\$245,766</b>	<b>\$29,139</b>	<b>\$139,117</b>	<b>\$77,509</b>
<b>Booster Pump Stations</b>		<i>Cost Allocation by Capacity Share</i>		
		21.78%	58.83%	19.39%
<b>Regional BPS</b>	<b>\$22,300</b>	<b>\$4,857</b>	<b>\$13,119</b>	<b>\$4,324</b>
			68.70%	31.30%
<b>Talent BPS</b>	<b>\$23,333</b>	<b>\$0</b>	<b>\$16,031</b>	<b>\$7,303</b>
<b>Total FY24 Asset Depreciation</b>	<b>\$291,399</b>	<b>\$33,996</b>	<b>\$168,267</b>	<b>\$89,136</b>
<b>Minimum Collection FY 2024 20%</b>	<b>\$58,280</b>	<b>\$6,799</b>	<b>\$33,653</b>	<b>\$17,827</b>

Source: TAP Master Plan and TAP PARTNERS, January 2023 with April 2023 update.

## Exhibit F

### TAP Interlocal Agreements

The SECRETARY shall maintain and update this exhibit annually every April.

#### Administrative Agreements

<b>IGA #</b>	<b>Title</b>	<b>Purpose</b>	<b>Executed Date</b>	<b>Terminated</b>
A.1	Intergovernmental Agreement	Role of RVCOG	July 1, 2016	

#### Projects Agreements

<b>IGA #</b>	<b>Title</b>	<b>Purpose</b>	<b>Lead TAP Partner</b>	<b>Executed Date</b>	<b>Terminated</b>
P.1	Intergovernmental Agreement for the American Rescue Plan Act TAP Water System Improvements among the Cities of Talent, Ashland, and Phoenix	ARPA Funding Projects Identification and Cost Share	Ashland	February 28, 2022	



## City Council Agenda Report

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**Meeting Date:** July 19<sup>th</sup>, 2023  
**Department:** Admin  
**Staff Recommendation:** Approval

**Staff Contact:** Jordan Rooklyn  
**E-Mail:** jrooklyn@cityoftalent.org  
**Estimated Time:** 30 mins.

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### ISSUE BEFORE THE COUNCIL

Resolution 2023-071-R Adopting the Intergovernmental Agreement Between the Cities of Talent, Ashland, and Phoenix for TAP Water Distribution Facilities Operation and Maintenance Management and Cost Sharing

### SUMMARY

This is a new Intergovernmental Agreement (IGA) between the cities of Talent, Ashland, and Phoenix for the TAP water distribution system facilities, operation and maintenance management and cost-sharing. The three cities will use the IGA to effectively manage the operations of the TAP water system and equitably share in the cost of operations and capital upgrade projects. Approval of the new TAP IGA will rescind previous intergovernmental agreements that are outdated and noncomprehensive. The new TAP IGA has been reviewed and approved by City Attorney Dave Lohman.

### BACKGROUND

In the late 1990s, the TAP Partner Cities collaborated in the development of a new water supply transmission project to provide domestic water from the Medford Water Commission (MWC) to their communities. The City of Talent (Talent) needed to replace its aging source of supply (water treatment facility on Bear Creek); the City of Phoenix (Phoenix) needed to supplement its existing supply from MWC; and the City of Ashland (Ashland) wanted access to a secondary emergency source of supply.

In 2000, the TAP Partner Cities entered into an IGA to construct the TAP water supply system from the MWC to Talent. Following the initial infrastructure improvements to supply water to Talent and Phoenix, several more system improvements were completed. In 2014, Ashland installed additional transmission facilities to provide an emergency supply source for its community. The original IGA was amended several times between 2000 and 2007 to reflect the changes in management and cost-sharing decision making because of the changes to facilities and operations. Other interlocal agreements were created to handle capital project cost sharing, and a 2006 agreement between just Talent and Ashland was created for emergency water service. In 2016, the TAP Partner Cities signed an IGA with RVCOC for provision of certain administrative services to support the functions of the TAP Water System.

With completion of the first long-range planning document for the TAP Water System, the TAP Water Master Plan, which was adopted by all TAP Partner Cities in 2021, it was acknowledged that a new IGA needed to be created that would improve management of the system and capture the latest understanding between the TAP Partner Cities, the capacity needs of each, and cost allocations to operate and maintain the TAP Water System.

The new IGA clarifies roles and responsibilities, management, and cost sharing of capital project expenses, operations, maintenance, and depreciation expenses. Methods for handling conflicts are described, and direction is provided for annual upkeep of the agreement as well as administrative actions to make



management of the TAP Water System a continual process, while preserving historical record. The new IGA provides clear guidance on how to cooperatively manage the TAP Water System such that key information is preserved and decision-making kept in a formal, yet flexible, arrangement; this is particularly useful as staff turnover occurs at each TAP Partner City in the future.

**POTENTIAL MOTION**

I move to adopt Resolution 2023-071-R.

**ATTACHMENT**

Resolution 2023-071-R

Final Tap IGA June 2023 with Exhibits



Agenda Item #: \_\_\_\_\_

## Agenda Report to Mayor and Council

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**Agenda item title:** New TAP Intergovernmental Agreement

**Meeting Date:** July 17, 2023

**From:** Eric Swanson

**Action:**  Motion,  Ordinance,  Resolution,  Information only,  Other

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### SUMMARY

This is a new Intergovernmental Agreement (IGA) between the cities of Talent, Ashland, and Phoenix for the TAP water distribution system facilities, operation and maintenance management and cost-sharing. The three cities will use the IGA to effectively manage the operations of the TAP water system and equitably share in the cost of operations and capital upgrade projects. Approval of the new TAP IGA will rescind previous intergovernmental agreements that are outdated and noncomprehensive. The new TAP IGA has been reviewed and approved by City Attorney Doug Mcgeary.

### BACKGROUND AND DISCUSSION

In the late 1990s, the TAP Partner Cities collaborated in the development of a new water supply transmission project to provide domestic water from the Medford Water Commission (MWC) to their communities. The City of Talent (Talent) needed to replace its aging source of supply (water treatment facility on Bear Creek); the City of Phoenix (Phoenix) needed to supplement its existing supply from MWC; and the City of Ashland (Ashland) wanted access to a secondary emergency source of supply.

In 2000, the TAP Partner Cities entered into an IGA to construct the TAP water supply system from the MWC to Talent. Following the initial infrastructure improvements to supply water to Talent and Phoenix, several more system improvements were completed. In 2014, Ashland installed additional transmission facilities to provide an emergency supply source for its community. The original IGA was amended several times between 2000 and 2007 to reflect the changes in management and cost-sharing decision making because of the changes to facilities and operations. Other interlocal agreements were created to handle capital project cost sharing, and a 2006 agreement between just Talent and Ashland was created for emergency water service. In 2016, the TAP Partner Cities signed an IGA with RVCOG for provision of certain administrative services to support the functions of the TAP Water System.

With completion of the first long-range planning document for the TAP Water System, the TAP Water Master Plan, which was adopted by all TAP Partner Cities in 2021, it was acknowledged that a new IGA needed to be created that would improve management of the system and capture the latest understanding between the TAP Partner Cities, the capacity needs of each, and cost allocations to operate and maintain the TAP Water System.

The new IGA clarifies roles and responsibilities, management, and cost sharing of capital project expenses, operations, maintenance, and depreciation expenses. Methods for handling conflicts are described, and direction is provided for annual upkeep of the agreement as well as administrative actions to make management of the TAP Water System a continual process, while preserving historical record. The new IGA provides clear guidance on how to cooperatively manage the TAP Water System such that key information is preserved and decision-making kept in a formal, yet flexible, arrangement; this is particularly useful as staff turnover occurs at each TAP Partner City in the future.

**FISCAL IMPACT**

N/A

**RECOMMENDATION**

Staff recommends approval of the new TAP Intergovernmental Agreement.

**PROPOSED MOTION**

“I move approval of the new Intergovernmental Agreement between the cities of Talent, Ashland, and Phoenix for TAP water distribution system facilities, operations and maintenance management and cost-sharing, and authorize the City Manager to execute said IGA.”

**ATTACHMENTS**

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