

AD HOC COMMITTEE ON AFN GOVERNANCE STRUCTURE

October 9, 2015

3:00 – 5:00 p.m.

Siskiyou Room

51 Winburn Way

I. CALL TO ORDER

II. PUBLIC INPUT

III. REVIEW / APPROVAL OF MINUTES

IV. DEVELOPING A MODEL

- **AFN Commission**
 - **Membership (qualifications, appointment process, role of ex officio members, other issues)**
 - **Powers and authority (contracting, budgeting, personnel supervision, other issues)**
- **Wholesale vs. retail operations: recommendation**

V. REPORT TO COUNCIL

VI. OTHER FOLLOW-UP/ MEETING SCHEDULE

VII. ADJOURNMENT

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Administrator's office at (541) 488-6002 (TTY phone number 1-800-735-2900). Notification 72 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to the meeting (28 CFR 35.102-35.104 ADA Title I).

MINUTES FOR THE ad hoc AFN GOVERNANCE STRUCTURE COMMITTEE
Tuesday, September 8, 2015
Siskiyou Room, 51 Winburn Way

1. Call to Order

Chair Pam Marsh called the meeting to order at 3:02 p.m. in the Siskiyou Room.

Committee members Jim Teece, Dennis Slattery, Rich Rosenthal, Susan Alderson, Mathew Beers and Bryan Almquist were present. Staff members Dave Kanner and Mark Holden were present. Committee member Vicki Griesinger was absent.

2. Public Input

None.

3. Change in Committee Membership

Marsh stated that when the group was formed, committee member Teece was appointed as an ex-officio member to give advice. Now that the group is moving into the next phase of this process, which could affect ISPs, she believes it would be most appropriate to have him step down from the committee. Teece agreed that his leaving the committee would be the best approach. Group thanked him for participating.

Teece departed the meeting at 3:06 p.m.

4. Review of Minutes

Rosenthal/Beers m/s to approve the minutes of August 24, 2015. Voice Vote: All Ayes.
Motion passes.

5. Subcontracting Constraints / Legislation: follow up

Kanner stated that the City Attorney had done a quick review of the subcontracting statute and he agreed that it would apply in this case. Kanner stated these new requirement for a cost/benefits analysis pretty much put an end to subcontracting in Oregon. No community he contacted had attempted a cost analysis for a subcontract, mostly due to the cost of that type of analysis.

Group discussed the history and intent of the subcontracting law. They questioned whether or not the City could do a cost analysis. Kanner stated that would need to be done by an outside source, as it's too complicated for current staffing levels.

Group asked whether AFN operations could be transferred to another government agency. Kanner stated that any transfer of employees would need to have a guarantee of pay and benefits for those employees for one year. Group asked if the City were to become the only stockholder in an entity (like they were with the hospital), would that trigger the subcontracting laws? Kanner stated he doesn't know the answer to that at this time. The law is not specific with regard to transferring operations to another public entity.

Group discussed how the subcontracting laws may affect which models are feasible. They also discussed the possibility of doing a cost analysis.

6. Review/ Refinement of Evaluation Criteria

Group discussed why the roles of the ISPs and why wholesale vs. retail are important to the overall governance question. Largely this is due to each causing significant deviations from the current structure. Beers stated those decisions relate directly to the current lack of connection between the decision makers and the people operating and selling AFN products.

Group discussed some of the relationships between the ISPs and the City in the past, how some of those relationships were handled poorly. Holden stated that they have been working recently on establishing better working relationships with the ISPs. He wonders why the group is focused on these relationships rather than on the question of overall governance. Group agreed that they understands this is policy questions versus operation questions but without discussing operations, both past and present, not all options are available for the group to make a good decision.

Group asked Holden what he thinks is working in the current system. Holden stated that while there has been a decline in general customer counts, there has been an increase on the retail customer side. He also stated that while there was a previous lack of collaboration between the City and ISPs, many things have been done lately which have improved those relationships.

Group discussed the current marketing plan. Holden stated that he is working with the ISPs to have a joint marketing plan. Group was concerned that this may be a confusing mix of messages.

Group discussed the small profit margins the ISPs have to work under and the additional pressure that pricing set by Charter puts everyone under. Holden stated that, presumably, ISPs took into account the profit margins before becoming a business partner with the City – those profit margins haven't changed. Group discussed how non-cooperation between ISPs leaves everyone unable to fight against Charter. Group discussed the balance between low pricing and quality product – the community likely doesn't yet understand the improvements in the quality achieved recently (and those planned for the future).

Group asked Holden why we continue to have multiple ISPs. He stated that they do the customer service after hours and weekend, when City staff is not be available. Group discussed what would be required to “ramp up” to provide 24-hr-a-day service.

Group discussed the challenges of having no dedicate marketing plan (or separate company dedicated to marketing efforts) and limited budget. They questioned whether a joint marketing plan with our ISPs is effective or whether it continues to spread the limited potential customers too thin. Should the City stop competing with our ISPs? Group discussed whether AFN should be the only retailer or whether it would be better to choose a single ISP to be responsible for everything customer-based (marketing, installation, billing, maintenance, customer complaints, etc.). Group was also concerned that there is no community benefit in that community residents pay for it through taxes, or billing surcharges but they get no benefit from paying (no reduced prices, etc.)

Group discussed how a cost/benefits analysis would be valuable in determining whether having ISPs competing with the City is economically valuable.

Group expressed concerns that there is no “one-stop shop” at the utility counter. In other words, why can’t new customers sign up for AFN along with their utility accounts. Kanner stated that this separation was put in place around 2012, largely due to staffing issues.

Group determined that with concerns regarding marketing, staffing, pricing, etc., a separate board or commission to run AFN would be the preferred governance model. They would like from staff a current breakdown of what are the current responsibilities of the ISPs vs. the City, in order to have a discussion of the next steps in this process.

Holden stated his concerns regarding having a single ISP. AFN staff have been working with the ISPs on their concerns and have yet to see a gain in customer counts. They are willing to continue to work on building trust with the ISPs for long-term relationships.

Group requested that Holden create a bullet-point list of requirements necessary for a single-ISP operated system (i.e. what requirements might we list in an RFP?). Group discussed the need to have all rules and requirements on both sides to be delineated very specifically.

Group went around the table and stated what type of governance they would pick if they had to today. In general, they agreed they would like to see a strong commission to make policy decisions and two ISPs, one for residential sales, one for commercial sales (or a single ISP, but with separate contracts and requirements for residential and commercial).

7. Next steps/ meeting schedule

Group would like to discuss at the next meeting the style, membership requirements, and group responsibilities of other commissions. They will use the Airport, Parks and Recreation, and Medford Water commissions as examples to determine what would be appropriate for an AFN commission. Marsh will work with Kanner to provide examples of those commission memberships and responsibilities for the next meeting.

The next meeting will be October 9, from 3:00 – 5:00 p.m. in the Siskiyou Room.

8. Adjournment

Meeting adjourned at 4:41 p.m.

Respectfully submitted,
Diana Shiplet
Executive Assistant

2.16 Public Recreation Commission

2.16.010 Purpose of Chapter

The purpose of this chapter is to implement Article XXII of the Ashland City Charter which provides for a Recreation Commission.

(Ord. 1213 S1, 1957, Ord. 1059 S1, 1947; Ord. 2073 S1, 1980; Ord 3100, 2014)

2.16.020 Organization

The Recreation Commission shall meet and organize itself by electing one or more of its members as Chair and such other officers as they deem necessary. The Commission has power to adopt By-Laws, rules and regulations for the proper conduct of public recreation in the City.

(Ord. 1059 S2, 1947; Ord. 2073 S1, 1980; Ord 3100, 2014)

2.16.030 Duties

The Recreation Commission shall coordinate, as far as possible, the recreational facilities now within the City, or hereafter to be constructed or created, with the object and purpose of promulgating a central plan in which all public boards and agencies, as well as private organizations, may participate. The Commission shall have the power to conduct any form of recreation or cultural activity that will employ the leisure time of the people of Ashland and vicinity in a constructive and wholesome manner.

(Ord. 1059 S3, 1947; Ord 3100, 2014)

2.16.040 Recreation Director

The Recreation Commission has the power to appoint or designate some individual to act as recreation director who is trained and properly qualified for the work, and such other personnel as the Commission deems proper. The Recreation Commission shall, at the proper time annually, submit a budget estimate to the Mayor and City Council for their approval. The Commission may also solicit or receive any gifts or bequests of money or other personal property, or any donation to be applied, principal or income, for either temporary or permanent use for playgrounds or other recreational purposes.

(Ord. 1059 S4, 1947; Ord 3100, 2014)

2.16.060 Reports

The Recreation Commission shall make full and complete monthly and annual reports to the Mayor and City Council; and such other reports as from time to time may be requested of them by the Mayor and City Council.

(Ord. 1059 S6, 1947; Ord 3100, 2014)

City Charter

The functions of the Water Commission are defined in Section 21 of the Medford Charter of 1976 as reproduced below.

Section 19. Water Commission

(1) Water Commission; Appointment; Terms; Officers. The board of water commissioners of the city of Medford, created in 1922, shall continue as presently constituted and shall consist of five members who are residents of the city and serve without compensation. Each commissioner is appointed by the mayor to serve for five years or until his successor is appointed and qualified, and, before assuming office, each must be confirmed by the city council and file with the city recorder a written oath to faithfully perform the duties of his office. Each commissioner in office on the effective date of this act shall remain in office until the expiration of the term for which he was appointed and his successor shall serve for five years or until his successor is appointed and qualified. Vacancies in the board shall be filled in like manner for the unexpired term. The city treasurer and city recorder shall be ex-officio treasurer and clerk of the board. As clerk of the board of water commissioners, the city recorder shall be the custodian of all official documents, papers and records thereof.

(2) Authority.

(a) The board of water commissioners, in the name of the city of Medford, shall have full power and authority to construct, extend, maintain and operate facilities and water systems within and without the city for the appropriation, diversion, treatment, transmission and distribution of water from Big Butte Creek, the Rogue River and all other sources; to protect and preserve the watersheds upon which such water sources rely; to distribute, furnish, sell and dispose of water, and provide water service, to water users and water distributors, both public and private, within and without the city on such terms and conditions as the board of water commissioners determines to be in the best interests of the city; to enter into contracts for periods not to exceed twenty (20) years for the furnishing of water service, the sale of water or the operation or ownership of water systems, provided that in connection with the execution of any contract for the furnishing of such services or water outside the city, the board shall first find that the water or water service, or system's capacity, thus furnished, provided or sold is surplus to the needs of the inhabitants of the city; to exercise all authority granted by ORS 225.030 in connection with the ownership, operation and maintenance of water works and water systems; to

acquire by purchase, gift or eminent domain any and all real and personal property of every kind and character, including real property, water rights, rights-of-way and all other property rights, which it may find to be necessary or convenient for the carrying out of its powers hereunder, and to possess and to use the said property and property rights for said purposes and to dispose of such as it may from time to time find to be surplus to the needs of the city water system.

(b) Except as provided in Paragraph (3) and subject to the duties imposed in Paragraphs (4) and (5), the board of water commissioners shall have full control of the Water Fund and the power to disburse the same for the carrying out of all of the powers herein granted the board; to establish rates to be paid by water users for the use of city water service and facilities, and to collect and enforce the collection of such amounts in the name of the city of Medford; and to make all necessary rules and regulations for the sale, disposition and use of the water and water service of and from said city water system or systems.

(c) The board shall also have such other duties and powers, not inconsistent with this charter and the provisions of the chapter, as may from time to time be provided by ordinance of the city council, and authority is hereby granted to the city council to grant to said board of commissioners such additional powers as shall be necessary to enable the board of water commissioners to fully manage and operate the city water system.

(3) Water Fund. All monies received by the board of water commissioners from the sale of water service or from users of the services furnished from the water systems, or otherwise, shall be deposited in the treasury of the city to the credit of a fund to be known as the "Water Fund" and shall be kept separate and apart from other monies of the city, and money shall be drawn from said fund only upon demand previously approved by vote of three members of the board taken with "ayes" and "noes" spread on the minutes; provided that the city council shall have the power to draw upon the said water fund for the payment of interest and principal amounts on general obligation bonds of the city issued for the construction, improvement or expansion of the water system as such interest and principal payments from time to time fall due.

(4) Rate Policy. It shall be the duty of the board to fix and maintain water service rates adequate to raise funds sufficient to pay operating expenses of the system, the principal and interest on all bonds issued

for the improvement and expansion of said system as the same fall due, and such replacements and additions to the water system as the board finds to be required by the needs of the users thereof. The board shall hold a public hearing sixty (60) days prior to any water service rate change.

(5) Municipal Purposes. It shall be the duty of the board to furnish water to the city of Medford for fire protection and other like public purposes, and to receive into the water fund from the general fund of the city such amount as may be mutually agreed upon by the board and the city council for said services.

(6) Reports. It shall be the duty of the board to make full reports to the city council of the business transacted by it and of the condition of its funds once every three months, and it shall also make special reports to the city council on matters relating to the water system when called for by the city council.

2.23 Ashland Airport Commission

2.23.010 Established - Membership

There is established an Ashland Airport Commission which shall consist of nine (9) voting members and two (2) non-voting ex officio members who shall be the Director of Public Works and the Council person appointed by the Mayor as liaison to the Commission.

(Ord 3003, 2010)

2.23.015 Qualifications

In making the appointments, the Mayor and Council shall appoint members such that the majority of the Commission has either education, training, experience or other expertise in airports, aircraft, aeronautics or engineering. A member shall not be disqualified for purposes of appointment or official action simply by being a member of a class of airport users, including but not limited to pilots, airplane owners or airport lease holders.

(Ord 3003, 2010)

2.23.040 Powers and Duties - Generally

The powers and duties of the Ashland Airport Commission shall be as follows:

- A. To advise the Mayor and City Council on all matters relating to the management, operation, and further development of the Ashland Airport.
- B. To investigate Federal, State, County, and private funding for airport improvements in relation thereto the requirement of City participation in financing.
- C. To review and recommend project applications for funding to the City Council.

(Ord 3003, 2010)