Central Point
City Hall
664-3321

City Council

Mayor
Hank Williams
Ward I
Bruce Dingler
Ward II
Mike Quilty
Ward III
Matthew Stephenson
Ward IV
Allen Broderick
At Large
Carol Fischer
Kay Harrison

Administration
City Administrator
Phil Messina

Finance Department
Finance Director
Bev Adams

Parks and Public Works Department
Interim Director
Matt Samitore

Planning Department
Community Development Director
Tom Humphrey

Police Department
Police Chief
Jon Zeliff

CITY OF CENTRAL POINT
STUDY SESSION AGENDA
October 25, 2010

I. MEETING CALLED TO ORDER – 6:00 P.M.

II. DISCUSSION ITEMS

A. Medford Water Commission: New Rates Presentation

III. ADJOURNMENT

MEDFORD WATER COMMISSION
PRESENTATION TO CITIES ON RATES
FALL 2010

Studies conducted for the Medford Water Commission (MWC) over the last few years have identified the need for construction of an additional treatment plant on the Rogue River in approximately twenty years. The cost estimates for this facility are approximately $70 million today, and double that in twenty years. Additionally, a Water Management and Conservation Plan was adopted in 2009, which identified actions to be taken over the next five years to better encourage more efficient use of our water resources. Among the actions identified is consideration of changes to rate structures to encourage conservation, particularly during summer peak periods.

As a result of these two studies, MWC conducted a number of study sessions for board members to define direction on how to raise revenues for construction of the additional treatment plant (referred to for simplicity as "Duff II") as well as explore potential changes in the way rates are structured in order to encourage more efficient use of water during the summer peak season. It was recognized that reductions in peak water usage could delay how soon Duff II was needed, so these two objectives were related. Representatives from the cities were in attendance at these meetings, and provided input. Recently the MWC board gave direction to more ahead toward making rate changes to further these two objectives. These include modifications to the rate structure (increasing the summer / winter rate differential), and beginning to phase in charges earmarked for funding Duff II. These two changes will result in little difference in winter charges, but noticeable increases in summer rates.

In the past, water facility expansion improvements have been paid for 1) with bonding, 2) through SDCs, usually with collection beginning within ten years of a specific project. With recent plant expansion projects, no bonding was done, and the MWC board determined that given the amount of time we have to address this, we should also attempt to avoid bonding for Duff II. However, due to the anticipated magnitude of Duff II costs, the Board also determined that funding this entirely through SDC's would require prohibitive increases in those charges. To raise the amount of revenue needed, without SDC's becoming onerous, the MWC board (with general agreement by city representatives) determined that a portion of the costs should be raised through rates, which could be phased in over time. Since all customers contribute to the need for Duff II, it was also determined that by sharing rate impacts between all customers over the next 20+ years, the cost impacts could be moderated, and be borne fairly among customers.

Since these actions would constitute more significant changes than normal, and the resulting summer rate increases are likely to be higher than they have been in the past, MWC desires to inform and explain the anticipated changes with the cities before completion of an upcoming rate study.