

CITY OF SUTHERLIN
Council Workshop Meeting
Sutherlin Civic Auditorium
Monday, April 25, 2016 – 6:00pm

Council members:

Wes Anderson, Tom Boggs, Frank Egbert, Wayne Luzier, Karen Meier, Forrest Stone

Mayor: Todd McKnight

City staff:

City Manager, Jerry Gillham
City Recorder/HR Manager, Debbie Hamilton
Deputy City Recorder, Diane Harris
Finance Director, Dan Wilson
Community Development Director, Vicki Luther
Public Works Utilities Superintendent, Brian Elliott
Public Works Maintenance Operator, John Bachman
Public Works Maintenance Operator, Mel Vatland
Dyer Partnership Project Engineer, Steve Major

Audience: Jim Houseman, Pam & Denny Cameron, Bertha Egbert, Bill Cagle, Jeff Harris, Travis Tomlinson, Pat & Bert Bales, Tami Trowbridge, Ashley & Zach Alliman, Bryce Sanman, Danny Lang, Pamela Semas

Roll Call: Excused – Mayor McKnight

Workshop called to order by Council President, Forrest Stone at 6:00pm.

WORKSHOP

➤ **Wastewater Treatment Facility Options**

City Manager, Jerry Gillham, provided updates regarding the project's progress. Public Works Utilities Staff will provide tonight's presentation: Public Works Utilities Superintendent, Brian Elliott, Public Works Utilities Operators, John Bachman and Mel Vatland.

Elliott provided a Wastewater Treatment Facility Construction Option manual outlining the processes, MAO milestone updates, project timeline and research of other cities treatment facility processes:

- **Value Engineering** is required by funding agencies for project constructability. Staff worked very hard on the RFP (Request for Proposal), however received only one submittal from Civil West. Civil West was interviewed by a team and findings were that they did not have the experience to do the Value Engineering. Recommendation was to not move forward in the process with them. Have spoken DEQ's, Jon Gasik regarding options, he suggested reposting the RFP. Schedule may be set back a couple of months, but it's the right thing to do.
- **Comparison of Contracting Methods:** Many organizations use the comparison for determining which process to use or that can be used.
 - CM/GC (Construction Manager/General Contractor) - Alternative
 - D/B/B (Design-Bid-Build) - Traditional
 - D/B (Design-Build) – Alternative
- **Emails** from regulatory agency DEQ stating they will not allow Sutherlin to use same method as Wilsonville which is D/B. Design-build is population served, since Wilsonville fits into the larger population criteria they were allowed to do D/B. The email stated City could use alternative methods of CM/GC or D/B/B. Elliott explained he pursued the CM/CG and D/B/B method since they are the only methods DEQ would allow.
- **Evaluation & Analysis:**
 - Richwine Environmental – Analysis of CM/GC vs. D/B/B

- ✓ Both delivery methods are comparable with the exception of staff experience and availability.
- ✓ Evaluation shows there is no specific advantage for city to go with CM/GC.
- ✓ The greatest obstacle is this is a large capital project for the City and to move forward with an alternative delivery method without the experience is not recommended.
- ✓ Recommendation is City continue on their existing schedule using the D/B/B project delivery method.
- Attorney, James C. Coffey – Analysis of CM/GC contracting method.
 - ✓ Oregon Administrative Rules sums up a lot of the requirements.
 - ✓ CM/GC is technically complex project delivery system. Contracting agencies shall use this method only with legal counsel assistance and personnel with substantial experience and expertise in using the CM/GC method.
 - ✓ Point of responsibility regarding the CM/GC method does not put a lot of responsibility on CM/GC Contractor; liability is put on the City. If going with that process, you have to have personnel familiar with it.

Elliott – At the point with the design where city could go either way, requirements are available in the Oregon Administrative Rules (OAR).

Public Works Utilities Operator, John Bachman, reviewed the MAO Milestone Worksheet and Project Schedule.

MAO (Mutual Agreement Order): A summary of permit requirements for submitting specified reports.

Project schedule:

2015-16: Preload design/bid

2016-17: Preload construction, forcemain design/bid, design plant, design Everett Ave. Pump Station

2017-18: Forcemain construction, final design plant, construction SBR, Everett Ave. Pump Station bid/construction

City Manager – Staff is committed to choosing the method best for the city. Public Works Utilities Operator, Mel Vatland is new to the City and has over 20 years of wastewater field experience. He was asked to research various cities that have gone through a plant upgrade process and provide recommendations.

Public Works Utilities Operator, Mel Vatland, contacted eight different municipalities ranging in population from 2,500 to over 160,600.

Findings:

- Construction Manager/General Contractor (CM/GC) process: Oak Lodge, Winston Green Sanitary: Phase I, Coos Bay, Myrtle Point, Bend (Water Treatment Plant), Salem
- Design-Bid (D/B) process: Wilsonville
- Design-Bid-Build (D/B/B) process: Winston Green Sanitary: Phase II, Dundee, Bend (Wastewater Treatment Plant)

Questions were asked during the research that covered type of project, method of delivery, contractors, costs, changes, etc. Most cities said they were satisfied with the process they chose, one city did both processes and stated if they had to do it again they would choose the D/B/B process. All had minimal changes in their project, most were for unforeseen issues. Bend did both CM/GC (Water Treatment Plant) and D/B/B (Wastewater Treatment Plant) processes, they were happy with the results for the Water Treatment Plant, but not the Wastewater Treatment Plant, mostly due to the issues with construction and contractor. Salem, who has the largest population, they were happy with process they chose, however for smaller projects (\$3-\$5million), they would choose D/B/B and go with CM/GC method for larger projects. Three of the people interviewed asked who City's design engineer was for the wastewater treatment upgrade, they were told Dyer Partnership, they stated Dyer was a good choice.

Vatland concluded his findings and stated for the type of treatment system City is doing and the availability of the staff, in his opinion D/B/B process would be best. CM/GC process would require hiring a project manager and outsourcing legal advice which would take money away from the project.

City Manager – *How can we prove that with certainty? Is there something else we could do? When looking at the notes from the research almost everyone that did the CM/GC method said they would do it again. How does one come to the conclusion to not pursue that method? This is a new process for us, knows there are pros and cons to all methods; would like method with the least amount of risk.*

Vatland – They both have risks, not sure which has the least, nothing bad was said about either process.

Gillham – *Which method has the highest certainty of benefiting the City of Sutherlin?* With the CM/GC process, most of those cities had full-time city engineers on board. Hiring one would be an added expense. *Yes, but if it saves money on the back end, it may be a minor investment to pay and have a huge savings in the end.* Findings didn't show they saved a lot of money on the back end in that process.

Questions and comments:

Councilor Anderson – Myrtle Point's City Manager is already a licensed engineer, they went with the CM/GC process.

Councilor Stone – Will City's insurance take a jump if we go with our own project manager? **Elliott** – *There is a risk with the CM/GC process, a lot of the liability goes onto the City for the completion and finalization of the project. With D/B/B, that liability all goes onto your design engineer, rather than the City. It boils down to what fits your city; Sutherlin does not have an engineering staff, one of the things I look at is that guaranteed maximum price (GMP). D/B/B is designed for competitive bidding; you know what you're getting. In my opinion, with the CM/GC process, they are throwing a number out there you know that number has to be "fluffed" a little bit to protect themselves.*

Elliott stated that in his opinion the process that fits the city is D/B/B; go out and get the competitive bid and put that liability onto the design engineer who is overseeing the entire project.

Gillham asked Vatland and Bachman if they agree with that analysis. Both responded that they do.

Questions and concerns:

Discussion continued regarding existing plants issues and who is responsible for those problems. Elliott explained his finding after much research of a problem that initially started years ago. Concerns were voice about the processes available and who will be ultimately responsible.

Councilor Meier - With D/B there is one point of responsibility, there is no arguing whose fault it is, one person responsible and it is the design builder.

Councilor Boggs - DEQ says we cannot do that process.

Discussion continued regarding the interpretation of DEQ's email and a statement made from another expert at a previous Council meeting who said city can do the D/B process but plans have to be 100% approved.

City Manager – *Until DEQ says something otherwise that re-enforces and supports your argument it's a mute-point for me. Would be happy to discuss this again with Gasik and get a very definitive answer regarding Council's concerns.*

Councilor Meier – All Gasik is saying is because of the size of your city DEQ has to approve plans before they are done. He does not say we can't do D/B, but need to get our plans approved 100%, and feel there is no reason why that can't be done. Wilsonville did the process for both water and wastewater treatment plants. Their original estimates were between \$60-\$70 million, they ended up spending around \$43 million instead. That is a tremendous savings.

City Manager – *Need certification and verification from DEQ stating this would work. Have to say I am a little uncomfortable with policy makers getting into the decision making that professional staff are paid to analyze and assess. Will stand by staff unless new evidence reveals staff was wrong.*

Councilor Meier – It is Council's decision and would like information in order to make an intelligent decision.

Elliott – *The required Value Engineering process will be done prior to the D/B. If you go D/B you're looking at bringing that contractor in, he's playing the part of that value engineering.*

Councilor Anderson – DEQ's process is set up for D/B/B process, that's all they know. What Wilsonville did is something new and different.

City Manager – *The only thing we have to go by is what DEQ is telling us.*

Meier – Think with the amount of money we're talking about, we need to look into it.

City Manager – It seems like you’ve already got your mind made up, I’m concerned about just jumping in without knowing all of the details. Will bring in City Attorney, Chad Jacobs and lay out a next level process, will then bring back more information or more experts.

Councilor Stone stated he is in support of the D/B/B process. Have built a lot of projects where you have engineers, designers who put it out to bid for contractors. See the benefits of having two people do the D/B/B rather than one for the D/B all in one.

ADJOURNMENT –

With no further business the meeting adjourned at 6:55pm.

Respectfully submitted,

Diane Harris

Diane Harris, Deputy City Recorder

Approved:

Jerry Gillham

Jerry Gillham, City Manager

Todd McKnight

Todd McKnight, Mayor

APPROVED BY CITY COUNCIL MAY 9, 2016