

PAVE AUDIT COMMITTEE
Water/Wastewater Performance Audit & Strategic Plan
Meeting Minutes – February 23, 2015 at 8:30 AM
City Manager Conference Room

Member Attendance:

Lily Morgan - absent
Rick Riker
Roy Lindsay – Chair
Ken Hannum – Vice Chair
John Rall
Layne Lange
Paul Mitchell
Jim Williams - absent

Staff/Liaison/Other:

Jay Meredith (Finance Director)
Aaron Cubic (City Manager)

1. Elect Committee Chair and Vice Chair

MOTION/VOTE

Ken moved and Rick seconded to elect Roy Lindsay as chair. The vote was unanimous and the motion passed.

MOTION/VOTE

Rick Riker moved and Roy Lindsay seconded to elect Ken Hannum as vice chair. The vote was unanimous and the motion passed.

2. Review reference check results for consultants' proposals to the RFP – Strategic Plan for the Water and Wastewater Utility Programs

- Committee reviewed the summary of the reference checks that Jay prepared based on what committee members submitted to him and Committee members verbally summarized what they learned from doing the reference checks:
 - **Rick (JRA)** – no one knew who JRA (or Jeff Rhodda) was but knew subcontractors (only in business 4 years in US and incorporated 1 year), Buchanan had more local experience. Spoke to Wilsonville (refurbished wells, had low sewer gal/day, looked at SDCs), Wood Village (FCS group involved, Keller & Assoc. reviewed financial side), Eagle Point (same as Wood Village), Phoenix (FCS did financial review, advantage in that they are part of Medford Water District and Rogue Valley Sewer District), Redmond (did utility rates, similar population as GP, but has sewage rate of 3.5 million gal/day, desert climate so don't have infiltration issues like GP).
 - **Ken (JRA)** – discovered Buchanan had been associated with Keller & Assoc., the names "Rhodda/Buchanan" were confusing and unknown to some references, felt this was discouraging and misleading, phone interview dealt mostly with City's risks not the RFP, availability and accessibility concerns, very pleased with Eisenhardt's preparation, spoke to Gresham

(very happy with Eisenhardt, did public/private study, and took recommendation to stay private), Eisenhardt more expensive as result of adding some additional items but City might miss important info if don't include those additional items.

- **Paul (Eisenhardt)** – difficult to hear all positives from references then have open mind to other candidates during phone interview, reviewed some of the comments from references and they were all extremely positive, several references sought Eisenhardt out years later for additional projects.
- **Layne (Eisenhardt)** – nothing but positives, put the most thought into their proposal of all candidates, good distribution of the cost structure and covered all contingencies vs. MCG who put half the money in contingencies or JRA who had most money in strategic plan small amounts in other options, did have concern about accessibility but was assured it was never more than a day, another concern was contract modification but was assured there were none as they were a smaller company yet very experienced and that they focused on the current job at hand, concern about clear communication with “non-experts” on the topic (Council, City staff, public, etc.) but was assured they were very capable in tailoring the specificity down to a level various audiences could understand.
- **Roy (MCG)** – very positive evaluations from references, very trustworthy, delivered everything expected and high quality work, Roy felt MCG gave a very concise and understandable proposal, references assured they were very responsive as far as availability and accessibility, he ranked JRA 3rd and very close (1 point difference) between Eisenhardt and MCG, he could go with either depending on how rest of Committee felt.
- **John (MCG)** – references gave very positive comments, references appreciated that MCG was in-tuned to a government agency rather than private, John felt MCG and Eisenhardt were very close with Eisenhardt maybe a tiny bit above because of what he thinks they can do and felt they had a good understanding of what City was looking for. Felt Eisenhardt focused on risk, processes, operations, and private vs. public was already decided so John's focus has shifted to how can the consultant help improve operations. He is interested in a candidate that really focuses on operations, thinks both Eisenhardt and MCG can do that, MCG did best job in proposal addressing how they would handle each requirement City laid out, felt Eisenhardt had the best interview, John ranked JRA 3rd, MCG 2nd, and Eisenhardt 1st.

3. Proposal scoring process & project contract recommendation

A. Discussion

- Jay tallied up the points and ranking as Committee continued discussion
- Several committee members voiced they felt either Eisenhardt or MCG could do a good job, especially after reference checks
- Work schedule calendar discussion – MCG in June, Eisenhardt /JRA in Sept/Oct

- Concern with MCG support (in interview when committee member asked for clarification on a topic and didn't get adequate answer from MCG, they just repeated what had already been stated), candidate may not have completely understood question but didn't ask for the question to be repeated/restated either
- MCG had no past experience with public vs. private and generic info in proposal and did not come visit the City and Grants Pass.
- Strange when asked JRA about local experience they brought up bridge infrastructure in Tillamook but overlooked wastewater project in Salem, JRA very globally focused, not much experience in small cities like GP
- Committee discussed the cost comparisons between the three applicants. Eisenhardt was highest but put a lot of thought into cost distribution, would have liked to see what MCG could provide if half proposal costs weren't in the optional projects.
- Lily previously passed onto Rick that she preferred Eisenhardt
- Committee was impressed how Eisenhardt's "Novato controversy" was handled.
- Ranking Standings: 1st Eisenhardt (547pts), 2nd MCG (451pts), 3rd JRA (438pts) Jay shared the scoring reflects the discussion so far.
- Most Committee members and all Councilors on Committee voted Eisenhardt #1. The members that voted MCG #1 only did so by a few points. Those members were agreement to choose Eisenhardt.
- Still need to discuss if they will focus on the core project or the core projects and the optional projects.

MOTION

Rick Riker moved and Roy Lindsay seconded to recommend Eisenhardt to City Council for the full scope of the Water and Wastewater Utility Programs project contract.

Discussion on Motion

- Discussion continued on cost of project vs. vendor choice. If the desire is to just do the core project Committee should maybe focus more on the top-lying cost and consider going with the lower bidder (of the top two candidates).
- In meeting with Dan DeYoung and Aaron Cubic it was discussed the importance of getting as much of the whole picture as possible and so that is why some feel they should do all the optional projects as well.
- Rick shared the real purpose of all the optional projects was to bring to light anything that was missing and/or anything that was unnecessary.
- Important to not only look at price tag but look at qualifications and what the end product will be especially when the final product is going to be \$50+ million project.
- Jay reminded Committee this project is both a thorough review of operations and strategic planning. While it will not be an inexpensive project it is good to keep in mind it will be about 2% of the water/wastewater annual operating budget and will be a project that will help guide the City far into the future.
- Committee compared prices of top two candidates (only doing core project), Eisenhardt ended up being slightly more but for more of a comprehensive end product.
- Something learned from talking to references is some big companies will only take you so far expecting you to add on the additional pieces later. References assured Eisenhardt isn't like that, they don't have an end game, and they just do the project. Paul Eisenhardt understands how big companies do this and even

advised us about it before he submitted his proposal/interviewed. He understands our project and specializes in exactly what the City is trying to accomplish.

VOTE

The vote was unanimous (of all members present). The motion passed.

B. Questions for Committee to think about

- 1) EUM Survey – during negotiations important to determine who they will survey.
- 2) Public survey pulled from project – how will a public survey be included in project? Jay replied it will depend on the project's outcome and knowing what the recommendations are first. Survey will be an independent process. Important to sell it well to public to ensure they are on board before going down a specific path because it will involve a lot of money from the citizens. Public education has already started. Terry Haugen will be making presentation to Rotary soon. Survey could be more effective when there is more information to be had/shared (cost, options, public vs. private, etc.), cost is just one piece of it.

C. Further Discussion

- Public vs. Private – an example from one of the references that went to private, got locked into a private contract, CPI increase was due, City didn't have budget for it, had to lay-off city employees.
- Municipality-owned, while maybe not always most cost-effective in long-run, has much more flexibility to deal with issues that arise over the long-term.
- Private contract (long, life of the plant) greatly reduces flexibility.
- Eisenhardt proficient in this topic and will discover what is best for Grants Pass
- May election - jail levy timeline concerns, survey won't be going out at the same time as levy, but to be safe from rumors should all discussion about costs be kept private for next three months? Rotary presentation is mostly on current system and Terry should not address details such as citizen rate increases because the analysis hasn't been completed yet to answer those accurately. Water and wastewater cost-related topics have been pulled from Council agendas until after May election.
- Brief discussion about infrastructure issues (repairs, replacement, capacity, etc.)
- Timeline for new plant construction – currently working on pilot testing higher-rate treatment technologies, looking at plant location properties, the target is within ½ mile of intake structure (Baker Park). All these things will continue to happen while the Water/Wastewater Performance Audit & Strategic Plan is taking place, but it needs to be wrapped up early 2016.
- Survey/Education – will be more beneficial if it takes place after there has been some public education of some sort, surveys can be educational and ask questions, share information that comes out of audit in waves rather than all at once, Council to look at best way to educate, target education to specific groups, start with plant/water/wastewater history rather than looking to future. Will hire a professional to handle survey.
- Public outreach phase of new plant going to start very early (before design), master plan includes public outreach needs, should professional be brought in soon to deal with audit and plant construction outreach? City hasn't had that

discussion yet but feels there is a need for more information from audit/strategic planning process before moving forward.

4. New Business –

- Contract recommendation will go before Council March 18th
- If Council approves will move to get contract signed and start project asap
- Committee will meet again when consultant arrives for on-site field work to meet with them and get them started off right and then again at the end of the on-site work.
- Jay explained how he was planning to present to Council on March 18th – suggested it carries more weight with Council when someone other than a staff member presents. Staff can assist in creating the presentation. Aaron shared how he is working on getting committee chairs to do the presenting. Rick suggested a dual staff/committee member presentation.
- Ensure the presentation justifies the purpose of the dollar amount.
- Contract is a standard professional services contract, RFP stated parameters, progress billing for a set amount not to exceed set amount.
- Terry's Rotary presentation is March 4th

5. Set next meeting date/agenda – see below

6. Roy Lindsay adjourned the meeting

Next meeting date: TBD (when consultants arrive on-site)

These minutes were prepared by contract minute taker, Becca Quimby.