

PAVE COMMITTEE
Water/Wastewater Performance Audit & Strategic Plan
Meeting Minutes – October 1, 2015 at 2:00 PM
Courtyard Conference Room

Member Attendance:

Roy Lindsay (Chair)
Ken Hannum (Vice Chair)
Dennis Roler
Rick Riker
Jim Williams
William (John) Rall - absent
Layne Lange - absent
Paul Mitchell

Staff/Liaison/Other:

Jay Meredith (Finance Director)
City Manager Aaron Cubic
Paul Eisenhardt (EGI)
Ed Means (EGI)
Brian Hemphell (EGI)
Jim Bueley (EGI)

Jay gave the Committee an overview of the review process –

- Distributed draft report to staff & Committee members
- Reviewed report for accuracy and made recommendations back to EGI, few minor changes for clarification but won't change any of EGI's recommendations
- Next step is for Committee to make sure they get all their questions answered and make any last minute changes/comments to draft report – final comments to EGI by end of next week
- Final report back to Committee by middle of October
- Committee will have it for a couple weeks before EGI returns to make final presentation to Council

I. Presentation and Review of Draft Water/Wastewater Project Report with the Eisenhardt Group (EGI) –

A. Tasks/Topics Addressed (Paul)

- 1. Brief Review of Tasks I-VI**
- 2. Questions/Comments**

- Jay mentioned there were security recommendations made by EGI but the report doesn't mention it in order to keep that information secure and private. Any Council discussion on security issues would be done in executive session to maintain privacy.
- Committee members and EGI agreed security discussions and decisions should be kept classified.
- Committee made a recommendation to hold a special executive session of Council to discuss security issues.

B. Review Approach (Jim & Ed)

1. Inputs & Assessment

- EGI conducted site visits on all facilities
- City provided tremendous amounts of documentation
- EGI conducted interviews and surveys
- Best practices being built into EGI's evaluation

2. Analysis Tools

- Jim explained how EGI uses the assessment checklist, WERF/AWWA benchmarks, and surveys in their evaluations

3. City of GP Strengths – Water & Wastewater

- Complimented the City's employees/staff and their exemplary efforts in regulatory compliance

C. Address Key Findings (Ed)

1. Assessment Checklist

- Discussed green and red topics on assessment checklist
- Cost Consciousness - Committee member brought up Affordability as the only one that fell to bottom. Jim explained it is not because of costs it is because of the community (will be addressed in more detail).
- Briefly reviewed/discussed different asset management topics, great tool for City and Council to see future financial implications of big ticket item replacement
- Reminded Committee of the importance of facility security

2. Utility Management/Employee Survey – see below

3. EUM (Effective Utility Management)

- Explained how to read the graph
- All 10 categories were rated as relatively high achievement (Employee Development was just slightly approaching lower achievement so it will be discussed in more detail)
- Many other communities are more all over the board in the 10 categories – it is a positive picture for Grants Pass

4. Employee Survey

- EGI reviewed employee survey results (28 employees surveyed)
- Many positive comments about the level of excellence in City employees
- Some morale issues among the Collection & Distribution staff (not all, but more than just a couple employees) – sometimes these employees can often, simply because of the nature of their jobs, feel isolated and unappreciated. There are actions to be taken to remedy that and discussions taking place to help with that.
- Council wants all City employees to know they are appreciated but it is often challenging to get that message across and it is a fine line to walk
- Glory often goes to managers and also C & D doesn't have a place for people to come and notice their good work, easy to be overlooked
- City Manager Cubic shared from a leadership perspective he recognizes there are improvements that should be made in this area and that is happening – striving to get more leadership involved in the process
- Other issues that may be contributing to any negative responses from employees:
 - Space constraints for C & D – move some of them into future new facility to help build camaraderie and communications

- Suggestions: short/informal weekly meetings or bi-monthly - point being the more employees from different plants are linked the more it will help camaraderie
- A need for some vehicle replacements
- Training content and availability concerns (particularly from C & D) – current training for professional staff running plants is excellent, but the C & D employees feel they don't get enough

5. Benchmarking

- 20 benchmarks, 17 of which are AWWA
- Overall, generally very good marks on most benchmarks
- EGI briefly explained where the benchmarks come from and how the benchmark chart is constructed
- Encouraged Committee to keep in mind the data limitations related to these benchmarks
- Main benchmark to emphasize – Service Affordability (water/wastewater) – operations are efficient but when affordability is calculated using benchmarks (it is operating cost divided by median income) affordability becomes a measure of what your community's economic average median household income is. (median household income is approx \$33,000 in city so there is resistance to rate increases and this creates drag – more details/chart later)
- Another benchmark to highlight – Training in Collection & Distribution – EGI encouraged adequate staffing in this division to allow employees to get the training/development they need and desire

6. Staffing

- City has very capable and well-motivated employees
- Formalization of curriculums for employees (what is expected of them to get in terms of training) will help with succession planning, making sure employees are ready to take over when others retire or move on
- Improvement areas discussed earlier that require additional resources
- Near term recommended actions:
 - 1 wastewater mechanic
 - 1 wastewater systems planner (to help plan maintenance and ensure done according to schedules, could be shared with C & D and even with water treatment)
 - Run water facility 24/7 (add 2 staff positions) – problems happen more often with the start/stop method of operation, water storage issues may prohibit this, await new plant decisions
 - C & D – master plan will define scope of work activities possibly requiring additional resources, programs (such as the uni-directional flushing program that fell away from lack of staffing) can be very helpful in maintaining quality in long-run.
- Metric used for asset/maintenance management systems is Plan vs. Reactive Maintenance – 80% of work done on Plan and about 20% on when something breaks and you have to fix it
- Treatment side currently has high percentage of work on plan, Water side is about 50/50 – problem with unplanned maintenance is similar to fighting fires, possibly not keeping up on other things, it is expensive, etc.

7. Cost of Service & Affordability

- Discussed chart comparing total Operation/Management Cost vs. Service Affordability
- Costs in Grants Pass are fairly competitive falling between the median and top quartile
- Affordability much different in comparison with the median at 0.64%, the bottom quartile at 0.81%, and Grants Pass at 1.23% (citizens are spending 1.23% of income on water)
- Mostly driven by the median income
- As the critical infrastructure assets are improved the community needs to be told why these are so important in order to understand increased rates

8. Assessment Checklist & AWWA Benchmarks – review of above discussion

9. Future Use of Water Plant Site (Brian)

- Evaluation of future uses of water plant site was conducted not only by EGI, but also by Walker-Macy and ORW Architects from Medford.
- All parties conducted site tours and reviewed planning documents to become informed of main issues
- Right now it is not possible to determine what will become of the site but this was an effort to frame the issues, where it is at now, where it might head – this will be an involved process that will take place over the next few years
- Report outlines some steps the group recommends for approaching the process
- Many different types of potential uses, there will be huge community involvement, many stakeholders, etc.
- Main effort was in a group review workshop (charette) –
 - Discussed issues brought forward in tours and document review
 - Discussed different degrees of reuse (divide the facility and/or site, take it all down and start from scratch, reuse as much of existing buildings as possible, etc.)
 - Framing the overall development issues such as Parks/Planning, what is already happening in that part of town, etc.
 - Structural conditions of buildings is a huge issue and surprise to many, there are ways to work around it
 - Developed 25 possible ideas and/or directions for the facility, it is a wide range of uses, listed in the report
 - Discussed issues in relation to it being a historic feature of community
 - Discussed community involvement
 - Recommendation for forward progress is framed within the timeline of existing planning documents and related to timeline of new water treatment plant which is still unknown (so possibly 4-5 years from now)
- Intake, piping hub, and overhead power lines all need to remain as is

10. Capital Program Delivery Approach

- Gave brief history on this part of the evaluation
- It is a summary of what the City's objective are (full details in report)
- The 6 main alternative delivery approaches were all reviewed, analyzed, and summarized

- Showed a chart which summarized and rated the 6 delivery approaches against various evaluation factors – many different characteristics between the 6 approaches
- Based on the information the Design/Build (DB) and the Design/Build/Operate (DBO) approaches were the 2 that were recommended by EGI
- The DB for wastewater and the DBO for water

11. Evaluation of Procurement Alternatives – Risk Transfer, Benefits, and Control (Paul) – see below

12. Capital Program Delivery Approach – Cost, Risk Assignment, Control (Paul)

- Explained briefly how EGI and the Committee narrowed it down to DB or DBO being the recommended approaches.
- Handouts given to Committee covering DB/DBO Cost & Performance Histories and also Risk Assignment and Guarantees
- Some comparisons were discussed regarding cost reductions and guarantees between Conventional (Conv) approach vs. DB and then Conv vs. DBO
- Reminder that the engineer’s drawings (everything that is bid on) must be 100% complete (if not it opens the door for contractor to shirk responsibility). Unfortunately, this also increases cost and extends the schedule.
- City decides what they want and sets the parameters then it is designed around that.
- Need for pressure line change out in Redwood area is a separate subject.
- Why not use a DB for a brand new water facility? – Grants Pass has talented staff, but not enough staff – the existing water facility needs to continue to operate at full capacity while the new one is being built. Would need to bring in new consulting expertise and staff for extended periods of time.
- Discussed benefits of using a DBO for new water facility: cost, staffing, systems, guaranteed performance for design/construction, guaranteed regulatory compliance, cost/financial guarantees, etc.
- The DBO firm/partner would be responsible for ongoing maintenance (up front establish there will be a computerized maintenance system) – Paul shared how other scenarios would look with a DBO.
- Question from Committee about who to consult in order to make sure all important issues are covered in contract – first, write comprehensive RFP (lengthy, but not legalistic summary of whole agreement) and then replace that with the draft service agreement which legal counsel can put out. EGI is available to help with this. City wants competition from vendors, not to scare them away.
- Discussion on recommendation of phasing and how it will be helpful in many areas such as: costs, PR, rate increases, stabilizing rates, etc.
- Discussion about looking about the issue of expanding storage and if that can help with high demand/peak times. Storage is cheaper than treatment, but storage has its own set of issues (i.e. water quality). Suggestion to make it part of the DBO RFP.
- Water facility site selection is critical, maximize footprint, get extra land surrounding, design work can’t begin until site selection has been made.

- Not abandoning staff – structure it into the procurement, offer employment at equivalent compensation, and require the employment be for a minimum of 2 years so they receive training.

D. Recommendations

1. General Recommendations

- all 35 recommendations are listed in report in Executive Summary section

2. Critical Recommendations (Paul & Ed)

- Use DB for wastewater treatment facilities
- Use DBO for new water plant (and start the process ASAP, based on condition of current plant – it will take a minimum of 3 years to bring a new plant online)
- A couple serious “water problems” could potentially destroy tourism in Grants Pass
- Proceed with new systems and upgrades (SCADA, CMMS, LIMS, AMS) – get systems for wastewater and C&D started right away and then have DBO contractor follow the pattern for water plant.
- Optimize the size of the new water plant
- Invest in staff recruitment and retentions (goes back to the issues related to training, competitive compensation, surveys, and internal morale and communications improvement opportunities previously discussed)
- Add staffing (already discussed)
- Proceed with systems upgrades (already discussed)
- Complete the update of the Emergency Preparedness Plan – it is underway, it is important especially related to security, needs to be more than just a plan, table-top exercises
- Look at pump stations and reservoirs in terms of remaining useful life (older ones should be inspected more frequently than every 5 years)
- Evaluate backup power needs
- Consider mutual aid agreements – get legal details formalized ahead of time
- Evaluate and improve security systems at plants (already discussed)

3. C & D and Topics 2-6 (Ed)

- Communications plan for the utility – infrastructure and rate increases on the horizon so story/narrative to be shared with citizens needs to be considered so things move forward as smoothly as possible
- More frequent inspections of tanks (already discussed)
- Upgrade knowledge management systems – many systems information are still on paper, not very efficient, convert to electronic information easily
- Re-emphasize safety training content and frequency – safety is a benchmark in the report, while dollar value of claims are low the number of them is relatively high, always good to reinforce safety training
- New asset management system (already discussed)
- computerized maintenance management (already discussed)
- Cross-division communication – more coordination between distribution and treatment, between collection and wastewater, as well as opportunities across wastewater and water divisions to improve communication, resource and load sharing when issues arise.

- Formalized staff meetings – goes along with improving communications
- Re-implement Uni-Directional Flushing program would help resolve some of the water quality type complaints
- Water loss – (unaccounted for water leaks), Grants Pass is rated 2nd from bottom on this benchmark, resource-wise it isn't an issue as there is plenty of water, but when trying to manage peak-day demands water loss might be a factor, look into something that can be done that is cost-effective to help manage this, continue with water loss audits
- Track AMR/AMS technology – not cost effective right now, but there are excellent systems out there
- New billing/invoice system – couple this with City's communications program, when bill arrives they get the messages City wants to emphasize about the water infrastructure needs, most people don't read newsletters, want the message as close to the moment of payment as possible

E. Next Steps

1. Proceed With New Facilities & Upgrades

- New water facility - ASAP
- Wastewater upgrades

2. Implement Critical Recommendations

- Listed in the Executive Summary
- Develop a plan and timeline and then against that implement the critical recommendations

3. Project Management

- Establish timelines
- progress reporting
- tracking systems

4. Prioritize Additional Recommendations

- Do during 2016
- Go/no-go decisions and implementation

F. Comments & Questions

1. When EGI looked at the percentage of annual income that the bill impacts, is that the entirety of the utility bill or just the water portion? – *split water and wastewater into 2 components and it is the annual total*
2. Will the new billing process have a chart or graph that shows the water usage over the year? – yes

II. Approve PAVE Meeting Minutes from August 11, 2015 –

MOTION/VOTE

The motion was made and seconded to approve the minutes from August 11, 2015. The vote was unanimous of all present. The motion passed.

III. New Business –

- Any comments, questions, clarifications needed on draft report to be forwarded to Jay by Friday the 9th.

IV. Set Next Meeting Date & Agenda –

- Unless the Committee expresses desire to have additional meetings this will be the last one.
- However, as these things begin to be implemented Council may want additional guidance or recommendations and then the Committee could reconvene.
- October 26th – presentation to Council

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