

ROCKWOOD WATER P.U.D.
MINUTES, REGULAR MEETING OF THE BOARD
September 28th, 2005
Rockwood Water Boardroom

Board members present: Sandra Ramaker, Herb Brown, Stephen McElroy, Larry Dixon, Don McCarthy.

Staff present: Harvey Barnes, District Manager (DM); Michael Baker, District Superintendent (DS); Sabrina Walyer, Administrative Secretary (AS)

Guests present: Fran Hyson, Pat Brown, Sharon Petrie, Bob Fuller

President **Sandra Ramaker** called the meeting to order at 7:00 p.m.

APPROVAL OF THE AGENDA

DM Harvey Barnes requested a couple of additions to the agenda. The first addition, **DM Barnes** noted, was to discuss a change in date of the November board meeting, and the second addition was to consider the adoption of Resolution 05/06-001. **Stephen McElroy** also asked that the agenda include a discussion regarding a SDAO training seminar on worker's rights, for which he had received some information.

Herb Brown moved to approve the agenda as amended. Stephen McElroy seconded the motion. The motion was approved; none opposed.

APPROVAL OF THE CONSENT AGENDA

Herb Brown moved to approve the consent agenda. Larry Dixon seconded the motion. The motion was approved; none opposed.

APPROVAL OF THE MINUTES

Ms. Fran Hyson asked to clarify specific comments which she had made at the August 24th board meeting, and requested that the minutes reflect her intended meaning. **Hyson** explained that her statements were 1) that the district patrons should have the right to approve or disapprove of their water being blended, and 2) that she may move forward with a petition which would give the people of the district the right to vote on such decisions. **AS Walyer** replied to Hyson that she had noted the corrections.

Stephen McElroy moved to approve the August 24th minutes as amended. Herb Brown seconded the motion. The motion was approved; none opposed.

APPROVAL OF THE BILLS

Stephen McElroy asked for details regarding a refund to a contractor for \$760.55. **DM Barnes** explained that when we install a service, we require a deposit to schedule the work. If that deposit is more than what it costs to do the work, **DM Barnes** concluded, then we refund the difference.

Herb Brown moved to approve the bills. Don McCarthy seconded the motion. The motion was approved; none opposed.

PUBLIC COMMENT ON NON-AGENDA ITEMS

Customer/district member **Sharon Petrie** commended the board on the manner in which the meetings are conducted, the thought put into district concerns, and in particular DM Barnes, whom she said shows patience and a great ability to explain things.

CASCADE PUMP STATION – CMGC

DM Barnes began by clarifying that CMGC stands for Contract Manager/General Contractor, and then introduced Bob Fuller, from CH2M Hill, to outline how the process works. **Mr. Fuller** mentioned that the current project status is: that while the new pump station has been designed, bids for the job were rejected as the rates were too high. **Mr. Fuller** continued by saying that due to this reason, alternative approaches to project delivery are being considered.

Mr. Fuller explained that the CM/GC approach combines planning and design with implementation and construction. He said that a traditional approach is controlled by the owner, is often slower, and it can be higher in price, while the CM/GC method puts the risk and control in the hands of the contractor, the project is completed quicker, and the cost value is much better. **Mr. Fuller** commented that with the CM/GC, you are not forced to go with the lowest bidder, as there will be a guaranteed maximum price that will be paid to the contractor. According to **Mr. Fuller**, the CM/GC will competitively bid out the pieces that he needs a sub [contractor] for.

Mr. Fuller further mentioned that going this route allows the owner to purchase their own equipment, risk issues are alleviated, and cost savings can be expected. Examples of this cost savings, said **Mr. Fuller**, are: reduced contractor-initiated charges, reduced contractor contingency for risk, value engineering, and reduced risks for the owner regarding quality construction.

Mr. Fuller outlined the following process expectations, should Rockwood Water PUD choose this approach; RWPUD will: 1) prepare findings for exempting the project from competitive bidding, 2) hold a public hearing regarding such exemption 3) the Contract Review Board may determine if the project will be exempt, 4) select the GM/GC, 5) RWPUD, CH2M HILL, and CM/GC work together to evaluate design and cost, 6) RWPUD and CM/GC negotiate and execute a construction contract, 7) CM/GC constructs and starts up the project. **Mr. Fuller** then opened up the floor for questions.

Stephen McElroy asked if he knew of any specific examples why 37% of the customers didn't approve of the plan. **Mr. Fuller** replied that he wasn't sure about the outside parameters.

Fran Hyson asked who has the right to pick the contractor. **Mr. Fuller** answered that CH2M Hill would pick the CM/GC contractor, but that the owner (RWPUD) would be part of the approval process of the subcontractors. **Hyson** then asked how the owner is protected, should any compromising situations arise. **DM Barnes** responded that one way RWPUD is protected is that the CM/GC will be responsible for all of the subcontractors. **Hyson** asked if the contractors that will be considered are approved by the Oregon State Board of Contractors. **Mr. Fuller** replied yes, and that the project is also protected by bonds through the general contractor. **DM Barnes** interjected, and also explained that we are not looking for the cheapest person to do the job, but rather recruiting with respect to qualifications, thus the risk of problems is reduced.

Herb Brown commented that general contractors are supposed to check the status of subcontractors to make sure they have liability insurance. **Hyson** explained that in her experience, the general contractor was hiring out subcontractors without her knowledge, which became a problem.

PUBLIC HEARING- LOCAL CONTRACT REVIEW BOARD

President Ramaker announced the beginning of the public hearing of the Local Contract Review Board at 7:35pm, to discuss Resolution 05/06-001. **DM Barnes** said that he believes we can save the district a substantial amount of money by using a CM/GC. **DM Barnes** also acknowledged the rise in prices of supplies and equipment, saying that we can save between 17-18% in buying our own materials rather than having a contracted company buy the equipment and supplies. We also remove the volatility in pricing, **DM Barnes** explained, in pre-purchasing these materials, as we will not be affected by cost fluctuation between now and when the project begins. **DM Barnes** estimated that we will save at least \$150,000 by choosing the route of a CM/GC, and stated that he believes it is in the best interest of the district to exclude the project from the bid process.

Don McCarthy said that if we can save money, we should go for it. **Herb Brown** said that it is important to check any contract for contingencies. **DM Barnes** replied that in this case the project is clearly outlined, and the CM/GC can provide their expertise regarding the design before beginning. **Brown** added that he believes that in this particular case, that this is a good idea.

Fran Hyson said her opinion is that she disagrees with this plan. **Hyson** said that it is a bad risk because we may wind up paying more than we bargained for. **DM Barnes** responded by saying that, concerning public projects, it is untrue that a contractor must stick to a particular bid cost, as they can file a claim for equitable adjustments. **Barnes** stated that even when a contractor bids really low, you are not guaranteed that it will definitely be done for that price. He added that in setting a GMP (guaranteed maximum price), it is nearly impossible for the contractor to come back and say they were wrong in the rate that was predetermined.

President Ramaker asked if you still bid for a CM/GC when you consider hiring them. **DM Barnes** replied that we advertise for the qualifications we are looking for in a contractor, and then once we establish their eligibility, we negotiate with them to set a price for the work. **Stephen McElroy** stated that he believes that if the public will be getting a good, quality product and save money, then we should consider the CM/GC approach.

President Ramaker announced the close of the public hearing at 7:47 pm.

RESOLUTION 05/06-001

DM Barnes then explained that in order to continue with the CG/GC plan, the board will need to site specific findings that support an exemption of the project from bidding. He elaborated, saying that he believes that this will not diminish the competition, and it will save the district money.

Given the approval of the findings in the report compiled by DM Barnes, **President Ramaker** asked if there was a motion to adopt the provided resolution to exempt the project from the normal bid process.

Larry Dixon moved to adopt Resolution 05/06-001. **Herb Brown** seconded the motion. **The motion was approved; none opposed.**

DISCUSSION OF DATE CHANGE OF NOVEMBER BOARD MEETING

President Ramaker mentioned that the next meeting is scheduled for November 23rd, which is the evening before Thanksgiving. **Ramaker** added that it is usually a day of travel and time spent preparing for the holiday, and that it might be in the district's best interest to move the meeting either forward or back by one week. **Herb Brown** asked when the December meeting will be held. **President Ramaker** answered that the December meeting will be on the 28th. **Fran Hyson** commented that it should be moved backward as many individuals go away for the holiday at that

time. **Herb Brown** agreed that it should be moved backward to November 16th. **Larry Dixon** also agreed, saying that if it was held after Thanksgiving, then people are usually busy with shopping, and other preparations for Christmas. **Stephen McElroy** mentioned that he will be in Coos Bay during that week.

Herb Brown moved that the board change the November meeting from the 23rd to the 16th. Don McCarthy seconded the motion. The motion was approved; none opposed.

SDAO EMPLOYEE RIGHTS TRAINING

Stephen McElroy announced that there would be a SDAO training seminar in Tualatin on October 17th that will cover worker's rights, legal issues, and also information on safety regulations. **DM Barnes** commented that it would be a good seminar if a board member has the time to go.

President Ramaker commented that she is unable to attend. **Larry Dixon** asked if DS Baker would be interested in attending. **DS Baker** answered that he has attended several related classes over the years, and feels confident he is knowledgeable on the topics that will be covered.

President Ramaker asked if any staff members could attend. **DM Barnes** replied that the office supervisor and the senior accountant will be going to another training seminar around that time.

Herb Brown said that if a staff member or board member wants to go, then we should allow them.

Herb Brown moved to reimburse the board member for attendance at the SDAO training seminar. Stephen McElroy seconded the motion. The motion was approved; none opposed.

PROJECT UPDATE

DM Barnes mentioned the pipeline project that the district is working on with the City of Gresham, and that the bid opens tomorrow (September 29), and that prices will be analyzed very carefully.

DS Baker said that 192nd has about two weeks left until completion, and that the district is negotiating with Gresham to pave the street. He also mentioned that there will be some work to do on the Cleveland Pump Station to reduce the size of the clay valves, which will entail contracting a crane to lift the lid off of the vault. **DM Barnes** commented that the replacement of the clay valves will provide more consistent water pressure for the residents. **DS Baker** added that the meter reader position is nearly filled, and that we are waiting on the drug screen to set a start date.

HURRICANE RELIEF

DM Barnes stated that he was asked to include on the agenda a discussion about the Gulf Coast hurricane to consider whether or not the board is interested in making a donation to help restore New Orleans' local water services or to the victims of the disaster. **Herb Brown** commented that since we are in the business of water services, that it would be appropriate to donate money for New Orleans' water restoration. **President Ramaker** agreed, adding that it is hard to fathom what it must be like to live for over a month without accessible clean water.

Fran Hyson commented that it will be months before the New Orleans area will have operating utilities, and it is questionable as to whether the district's money would be going to water restoration. **Hyson** said that she believes it was the state officials of Louisiana who let their people down, and that they faulted in preparing for them to evacuate. She continued, saying that if we do send the money, she hopes that it will be used for water utility.

Bob Fuller commented that AWWA agreed to help New Orleans restore their water systems, and that there is tremendous need for such support. **Larry Dixon** said that he doesn't think we should donate the public's money to a cause without the permission from them. **Stephen McElroy** said that we have donated thousands of dollars to causes far less important than this disaster, and that it

is not unreasonable to help our fellow Americans. **Herb Brown** talked about a flood he had experienced in previous years, where he had help to rebuild damaged houses, and so he sees the need for us to donate money to this cause. **Don McCarthy** agreed with Stephen McElroy's comment and with the idea to send money to the water utility services in New Orleans.

Sharon Petrie said she hopes that New Orleans will not be rebuilt because it is positioned in a dangerous area, and there will be future storms in that area. **Petrie** said that she is not against sending money to restore water facilities. **Pat Brown** offered that as a patron, she has no problem seeing her money go towards helping the people of New Orleans.

DM Barnes said that any amount that we agree to donate will be helpful. **Herb Brown** suggested that we allot one thousand dollars.

Herb Brown moved that we donate one thousand dollars to the City of New Orleans for the damage caused by the hurricane. Stephen McElroy seconded the motion. Larry Dixon opposed. The motion was approved; one opposed.

FOR THE GOOD OF THE ORDER

DM Barnes announced that the long-term wholesale agreement between the City of Portland and Tualatin Valley Water District will be made public on October 3rd, and we will have copies available. He said that we will have several months to make comments on the agreement. **DM Barnes** also mentioned that Wood Village has asked if Rockwood Water PUD could supply their water to them, and it may be something to consider.

Another issue **DM Barnes** mentioned is whether or not the district would be interested in selling some of our water capacity to the City of Gresham. He explained that we have more than enough available water, as we always have excess capacity, and asked if that is something the board would want to discuss in the future. **Larry Dixon** asked if it would be a year-round contract. **DM Barnes** answered that he surmises that it would be year-round, but is uncertain at this point.

Herb Brown commented about the Water Consortium meeting he attended, and said that it was interesting and worthwhile.

President Ramaker also added that she gathered a lot of information at the Consortium this year. **Ramaker** stated that she had also attended the Pacific Northwest AWWA Trustee Fall meeting and that the Public Officials Forum is now a permanent committee. She also mentioned that she was named chairperson for the committee.

ADJOURNMENT

Herb Brown moved to adjourn the meeting. Larry Dixon seconded the motion. The motion was approved; none opposed.

The meeting was adjourned at 8:30 p.m.

Secretary

