

RESOLUTION NO. 2254

A RESOLUTION OF THE WILSONVILLE CITY COUNCIL CONFIRMING THE CONTINUATION OF ISSUING A FINAL REQUEST FOR PROPOSAL FOR A DESIGN-BUILD-OPERATE CONTRACT FOR THE WASTEWATER TREATMENT PLANT EXPANSION PROJECT (Project #2082)

WHEREAS, on August 18, 2008, the City Council adopted Resolution No. 2131, A Resolution Of The Wilsonville City Council Acting As The Local Contract Review Board Adopting Findings In Support Of Exemption From Competitive Bidding Requirement, Authorizing Use Of Alternative Method Of Contracting Of Design-Build-Operate For Wastewater Treatment Plant Upgrade, And Authorizing Request For Proposal For Owner's Representative To Develop Request For Proposal For Design-Build-Operate Contract And To Provide Owner's Representative Services For Design-Build-Operate Contract Deliverables; and

WHEREAS, on January 26, 2009, the City Council adopted Resolution No. 2159, A Resolution Of The City Of Wilsonville Authorizing The City Engineer To Sign A Professional Services Agreement With RW Beck, Inc. To Provide Professional (Engineering) Services For The Owners Representative For The Wastewater Treatment Plant Expansion Project; and

WHEREAS, on November 2, 2009, the City Council adopted Resolution No. 2210, A Resolution Of The City Of Wilsonville Authorizing the City Engineer To Execute the Professional Services Agreement Amendment With RW Beck, Inc. To Provide Owners Representative Professional Services For The Wastewater Treatment Plant Expansion Project – Phase B (Conceptual Design & Request for Proposals (RFP) Project #2082); and

WHEREAS, the work tasks under the contract set forth in Resolution No. 2159 have been accomplished; and

WHEREAS, the work tasks under the contract provided for pursuant to Resolution No. 2210 have been accomplished up to and including tasks 2.8.5. Revise and Issue Final RFP: "Incorporate (as appropriate) comments from City Staff, management and stakeholders, as well as recommendations (as appropriate) obtained from DBO teams via the efforts of Subtask 2.8.4. Prepare Final 3-volume RFP for issuance. Assist the City in issuing the final RFP contract."; and

WHEREAS, City Staff, working with its owners representative and with its legal team at Hawkins, Delafield, and Wood LLP, has reviewed the final RFP and is prepared to and does

recommend the RFP be issued to the three qualified proposers, namely CH2M Hill Engineers, Inc., United Water Services, Inc.; and Veolia Water North America Operating Services LLC; and

WHEREAS, in making recommendation to issue the RFP, Staff has reviewed the findings and conclusions heretofore made by the City Council in the above recited Resolution Nos. 2131, 2159, and 2210, and reports that there is no new information that has surfaced since the time of adoption of the respective Ordinance and Resolutions that Staff is aware of that would materially change its recommendation to proceed. Staff further notes that during the time period from Resolution 2131 until the present, the economy of the nation, including Oregon and the City of Wilsonville, have suffered a deep recessionary period that has slowed growth and development, and allowed Staff to proceed more judiciously, albeit with the economy beginning to return, the need for the expansion upgrade remain a priority; and

WHEREAS, Staff also recognized that, although the economy has suffered a deep recession, there is a favorable bidding climate and that by continuing to go forward with the RFP, this action is likely to produce cost-effective proposals that can be measured both in amount and in the ability to meet the needs of replacing the deteriorating plant facilities, meet known and likely future regulatory requirements, meet capacity needs to support needed economic development, and meet the maintenance and operation needs present and future, and

WHEREAS, Community Development Director Michael Bowers prepared a staff report dated September 30, 2010 attached hereto as Exhibit A to assist the Council in reviewing the RFP status and the continuation of the RFP process; and

WHEREAS, upon receipt, evaluation, and such further negotiations as may be deemed just and appropriate regarding the submitted proposals in response to the RFP. Council will have the opportunity to review and compare and contrast the alternatives recommended by each of the proposers. The Council can then weigh the benefits and costs thereof before making any determination regarding the awarding of a design-build-operate contract.

NOW, THEREFORE, THE CITY OF WILSONVILLE RESOLVES AS FOLLOWS:

1. The above recitals are incorporated herein as the findings and conclusions of the City Council.

2. The City Council confirms the issuing a Final Request for Proposal for a design-build-operate contract, and instructs the City Manager to immediately release the RFP to the three prequalified firms.
3. This resolution is effective upon adoption.

ADOPTED by the Wilsonville City Council at a regular meeting thereof this 4th day of October, 2010, and filed with the Wilsonville City Recorder this date.


TIM KNAPP, MAYOR

ATTEST:


Sandra C. King, MMC, City Recorder

SUMMARY OF VOTES:

- Mayor Knapp - Yes
- Councilor Kirk - Yes
- Councilor Núñez - Yes
- Councilor Hurst - Yes
- Councilor Goddard - Yes

Attachment: Exhibit A, Community Development Staff Report dated September 30, 2010 prepared by Michael Bowers, Community Development Director.

EXHIBIT A

COMMUNITY DEVELOPMENT STAFF REPORT

Date: September 30, 2010
To: City Manager, Mayor and City Council
From: Michael Bowers, Community Development Director
Subject: Wastewater Treatment Plant (WWTP) Expansion & Rehabilitation Project

1. The decision before City Council prompted by this staff report is to allow staff to move forward with advertising the WWTP expansion procurement package. City staff is ready to send the final version of the Request for Proposal (RFP) out for advertisement to the three pre-qualified firms: CH2M Hill, United Water and Veolia Water. This staff report and Council update is provided to describe the importance of maintaining the current procurement schedule and it lays the groundwork for future decision points by City Council.

2. City Staff has updated this staff report from the September 20, 2011 Council Work Session to include the following enclosures:

- Enclosure (1) Current & Emerging Regulatory Concerns
- Enclosure (2) Case Studies of Rate Stability July 2008
- Enclosure (3) Cities Contact with DBO Procurements July 2008
- Enclosure (4) Portland Local Wastewater Treatment Facilities Summary

As indicated in Enclosure (1), temperature will be a new permit requirement when our permit is renewed by DEQ on or about January 2011. In addition, ammonia is among several other emerging requirements that our Owner's Representative investigated to prepare the rebuilt treatment plant's ability to maximize flexibility to achieve predicted regulatory compliance.

While I communicated at the September 20, 2008 work session that staff has performed largely a "qualitative" analysis of the advantages of DBO procurements, Enclosure (2) and (3) demonstrate strong rate stability and operational cost containment across the country in areas where DBO-type procurements have been in place for the past 5 to 15 years. These summaries were provided to the City Council in 2008.

Enclosure (4) provides the City Council with a review of eight area treatment facilities as compared to our Wilsonville Plant. Of particular note is the fact that the Wilsonville sewer treatment plant uses one of the least advanced biosolids methods in place across the Portland region as well as the fact that our site footprint in acres drives the need minimize old unused facilities abandoned-in-place on the property. These abandoned facilities take up usable space for expansion and lead to an inefficient plant layout.

3. Why a Design Build Operate (DBO) Procurement?

- Takes advantage of value engineering and life cycle cost savings in equipment and design function in construction as well as in maintenance.

- Long term, sustainable operations.
- Shifts the risk to the Operator to meet performance requirements as the designer, builder, and operator.
- To avoid costly disputes traditionally found among designer, contractor and operator in the design-bid-build circumstances.
- The selected DBO firm will have the desired experience and background of designing and constructing modern, functional, upgraded plants with increased capacity while coordinating-continued plant operations.
- Eliminates potential costly problems among 3 parties while keeping the plant fully operational during construction, while concurrently meeting all regulatory standards.
- City essentially gets 3 design options to choose from at private industry expense.

4. Why the need for the WWTP Plant?

- Replace aged facilities and equipment: nearly 50% of the plant is 30 to 40 years old.
- New regulatory standards will be issued by January 2011 and more stringent requirements are on the way.
- Equipment breakdowns, particularly over the last 3 years are frequent.
- During the last WWTP upgrade 1996-98, the city deleted work because of construction bids coming in too high.
- Several capacity "chokepoints" exist at today's plant that cannot or will not be able to effectively handle spikes due to storm seasons, chemical imbalances, industrial upsets, City normal growth, etc.
- The City staff does not want to put itself in the position to buy more land for the Treatment Plant or knock down neighborhood buildings in 10 years or less by neglecting to consider the plant footprint and existing, site constraints.
- The City is "beginning with the end in mind."

5. Recently completed events include:

- ▶ In July 2010 a draft RFP was provided to City Recorder in July 2010 for City Council review over the summer.
- ▶ On July 31, 2010, we released draft RFP and Technical Memorandum (TMs) to 3 pre-qualified firms.
- ▶ On August 9, 2010, an Industry Forum was held with 3 firms and their subcontractors.
- ▶ On August 20, 2010, written comments and recommendations were received from the 3 selected firms on August 20, 2010. (Great input received!)
- ▶ In August and September 2010, completed the final RFP documents.

6. Next steps in the WWTP procurement schedule are as follows:

<u>Date</u>	<u>Action</u>
October 5, 2010	Final RFP sent to Proposers
January 31, 2011	Proposal from 3 firms received
February/March 2011	Review and Evaluate Proposal

7. There are several risks if the City does not proceed diligently over the next few months with the above schedule. These include:

- Industry is ready to go following the summer Industry Forum. Industry will move onto other projects and believe we are not serious about the upgrades. As such, we run the risk of losing competitive interest. Feedback from our Industry Forum indicates we have one of the better procurement documents they have seen.
- Infrastructure pricing and the market is very competitive. Good pricing is anticipated.
- The longer we delay, the longer it will be before we can firm up exact prices, rates, and phasing schedules – and take a hard look at our options based on information we will receive in response to the RFP.

8. In addition, there are several concerns should the new City Council in January 2011 desire to revisit the Design-Build-Operate (DBO) procurement strategy adopted per Enclosure (1), which is Resolution No. 2131. These risks include:

- The procurement process would be extended about 1 year and likely lead to increased costs.
- With a DBO strategy, the advantage is we have transferred preliminary design effort to private industry, saving about \$1.5 million upfront. If staff designs the plant upgrades, we will not get this upfront savings.
- The City would lose the ability to holistically evaluate operational costs, design, construction costs and other factors concurrently while we are evaluating rate impacts and phasing options.
- City could lose the benefit of performance guarantees over 15 to 20 years which is written into the Operations Service Contract (Volume 2 of RFP).

9. Draft Scope and Budget

It is important to keep in mind that the scope and budget for the WWTP project was largely defined by the Council when adopting the Wastewater Collection System Master Plan in 2001 and the Wastewater Facilities Plan in August 2004 via Ordinance No. 571. Further, the City adopted Resolution No. 1987 in April 2006 which laid out the specific SDC-rate and user-rate financing contributions to an assumed \$43.8 Million project (which was based on executing only Phase I and II out of a 3-phase Master Plan).

10. Abbreviated Project History

In 2006 the City's main concern was that we had to accelerate treatment plant capacity expansion quickly due to the Villebois build-out plan which was scheduled to finish in 2011. Staff cited this schedule expansion was 4 years earlier than originally anticipated. Hence, the City envisioned a 2-phase construction approach separated by about 2 years apart to achieve this rapid plan. This approach meant two design processes, two construction periods, two disruptions, two mobilizations/demobilizations, two procurement packages, etc...

When City staff in 2007/2008 began executing the Plant upgrade program, taking in consideration a slowing economy, staff concluded that a single procurement with a long-term holistic approach would produce efficiencies. Additional WWTP capacity, thanks to slower City development, had become less urgent. However, it is important to note that many elements of the existing plant are at or near capacity and a slower economy does not obviate this need.

During the period 2008-2010, the overall condition of the existing WWTP has gained a more prominent theme due to a myriad of age-related breakdowns. It has become clear that the 2004 Facilities Plan may have underestimated the poor condition of both the WWTP as well as the Collection System. Staff has concluded that the City cannot afford further retrofits or short-sighted fixes to the existing plant by continually reusing older facilities. Although Wilsonville is a young city, it is time to deal with our aging infrastructure.

11. Scope, Refinement, Price, and Life-cycle Costing

A. Scope:

Scope-wise, we know what facilities need replaced and what equipment is at the end of its useful life – but the exact layout, the technology, and selected equipment is up to each proposer.

It is important to note that specific design decisions and technology selections had not been made when the Facilities Plan and project budget were prepared.

As part of the DBO procurement strategy, each of the 3 proposers will be providing recommended design solutions along with the associated construction, operation and maintenance pricing. This allows the City to make trade off decisions and negotiate phasing options with the successful proposer while seeing the total cost picture.

B. Price & Life Cycle Costing:

Along with a specific proposal for the detailed design mentioned above, pricing by the successful firm will include operations cost of the existing and upgraded plant, design and permitting expenses, utility consumption, landscaping/grounds maintenance, odor control performance, construction costs, consumable expenses, and maintenance (including equipment/parts replacement schedules).

12. Communications Plan

Staff envisions one year or more of robust Community Outreach in the form of water plant and wastewater plant tours (Council, Chamber, and citizens), community forums and open houses, and specifically a Good Neighbor Plan which will be incorporated into the obligations of the successful bidder

on the WWTP contract.

Staff is proposing to hire the firm of Barney & Worth to assist City outreach efforts. This company has successfully performed citizen outreach for a number of water & wastewater projects in the Northwest. They are presently conducting work on Lake Oswego's large sewer system replacement.

Staff looks forward to Council input and direction on the Communications Plan.

13. Treatment Plant Comparison

A recent comparable WWTP expansion of similar size and scope, the 1962 Oak Lodge Sanitary District plant created a contract to expand its capacity to 5 MGD. This plant is located between Milwaukie and Gladstone. Oak Lodge spent \$4 million on preliminary engineering and predesign work; so far Wilsonville has spent \$2.5 million on comparable effort.

The Oak Lodge Master Plan estimated an \$80 million upgrade; however via value-engineering and a competitive climate, the upgrade was awarded at \$54 million. The Oak Lodge Plant uses a "cannibal recycling" technology which is not as clean as a Class A solid fertilizer type product which Wilsonville has specified.

The Oak Lodge construction period is spring 2010 through March 2013.

Very Respectfully,

Michael Bowers, PE

MSB:bgs