

COOS BAY-NORTH BEND WATER BOARD
P O BOX 539 – 2305 Ocean Boulevard
Coos Bay, Oregon 97420

Minutes
Regular Board Meeting

7:00 a.m.
September 4, 2014

Coos Bay-North Bend Water Board met in open session in the Board Room at the above address, date, and time with Chair Sharps presiding. Other Board members present: Richard Vigue, Melissa Cribbins, and Greg Solarz. Board members absent: None. Water Board staff present: Rob K. Schab, General Manager; Ron Hoffine, Operations Director; Matt Whitty, Engineering Supervisor; Rick Abbott, Distribution Supervisor; Bryan Tichota, Customer Relations Supervisor; Jeff Howes, Finance Director; Vince Stonesifer, Field Services Technician; and Karen Parker, Administrative Assistant. Board Legal Counsel Jim Coffey was present. Media present: None. Chair Sharps opened the meeting at 7:00 a.m.

Chair Sharps asked if there were any corrections or additions to the August 21, 2014 Regular Board meeting minutes. Mr. Solarz moved the minutes be approved as written. The motion was seconded by Ms. Cribbins and passed unanimously.

Chair Sharps asked if there were any public comments, and there were none.

Mr. Schab advised the Board of an appeal received from Mr. Michael Puls disputing the utility's Operating Policy regarding Over/Under Billing. Mr. Puls was not present. Customer Relations Supervisor Bryan Tichota said Mr. Puls contacted him stating he had moved residences and his water consumption was higher than normal. Staff went to his residence on two occasions to check for a high consumption leak, both came back negative. In April of 2014, Mr. Tichota offered Mr. Puls a meter test. Staff determined the multi-jet meter was faulty over registering Mr. Puls' water consumption up to 300% higher than normal. In accordance with the utility's Operating Policy regarding Over/Under Billing, Mr. Puls was issued a \$1,238.06 credit for a two year period, June 2012 through May 2014. Mr. Puls is asking the Board's consideration for a refund dating back to April 2011, which represents the beginning month of his account at his new residence. Mr. Solarz asked how many of the multi-jet meters are in service. Field Services Technician Vince Stonesifer said he does not recall the number of multi-jet meters. He has worked for the utility for 20 years and he has not known of this type of meter to register so high. Ms. Cribbins commented Mr. Puls has diligently pursued this issue. After a brief discussion, Mr. Vigue moved they affirm Mr. Puls' appeal and authorize an additional credit of approximately \$210 to be issued to his account. The motion was seconded by Ms. Cribbins and passed unanimously.

Regarding the proposed revision of the utility's Local Contract Review Board Rules related to Intermediate Purchases, Mr. Schab said over the last several years customer funded projects have declined and the need to carry large inventories of materials is not needed. Staff has solicited quotes for smaller amounts of materials when needed. In most cases, these material purchases were already budgeted for Board of Director approved projects, however they exceeded the purchasing limits for staff according to the Board's Purchasing Guidelines.

Mr. Schab said staff believes it would be a more efficient process to amend the purchasing policy to grant purchasing authority to the General Manager for goods and services up to \$50,000. This amount coincides with the General Manager's check signing authority as well. After a brief discussion, Mr. Solarz moved to delete Section 4.4.3 as proposed in its entirety, and modify Section 4.4.4 to read as follows:

- 4.4.3 For procurement of goods and services where the cost exceeds \$50,000, but does not exceed \$100,000, the LCRB may award a public contract after obtaining three (3) written price quotations.
- 4.4.4 For procurement of goods or services where the cost exceeds 50,000, but does not exceed \$150,000, the LCRB may award a public contract after obtaining three (3) written quotations, bids or proposals.

The motion was seconded by Ms. Cribbins and passed unanimously. In addition, Mr. Solarz moved to modify Section 4.4.2 of the utility's Public Contracting Rules granting purchasing authority for goods and services to the General Manager in an amount not to exceed \$50,000. The motion was seconded by Ms. Cribbins and passed unanimously.

Regarding revision of the utility's Administrative Regulations – Purchasing Guidelines, Mr. Schab said two modifications are proposed to reflect the Board's action taken on Sections 4.4.2, 4.4.3 and 4.4.4 of the utility's Local Contract Review Board Rules related to Intermediate Purchases. Staff also recommends the Board modify the Guidelines for small purchases to allow supervisory staff authority to purchase goods and services up to \$750, rather than \$500, and to clarify these purchases may be made through direct solicitation as follows:

Goods and Services

<u>Rule Section</u>	<u>Value</u>	<u>Method</u>	<u>Initial Solicitation</u>	<u>Final Approval</u>
4.3.1	\$0 – 750	Direct/Verbal/written	Supervisor	Supervisor
4.3.1	\$751 – 1,000	3- written	Supervisor	Supervisor*
4.3.1	\$1,001 – 3,000	3- written	Supervisor/Div. Head	Division Head*
4.3.1	\$3,001 – 5,000	3- written	Supervisor/Div. Head	General Manager
4.3.1	\$501 – 5,000	Direct selection (written)	Supervisor/Div. Head	General Manager
4.4.2	\$5,001 – 50,000	3-oral/written	Supervisor/Div. Head	General Manager
4.4.3	\$50,001 – 100,000	3-written	Supervisor/Div. Head	LCRB
4.5	\$100,001 – 150,000	Advertised ITB or RFP	Supervisor/Div. Head	LCRB
* unbudgeted items must be approved by General Manager				

After a brief discussion, Mr. Vigue moved to modify the Purchasing Guidelines as recommended by staff, to include purchases up to \$750 may be made through direct solicitation. The motion was seconded by Mr. Solarz and passed unanimously.

Regarding payment and performance bond requirements for public improvement projects not exceeding \$50,000, Mr. Schab said the utility has required contractors to provide payment and performance bonds on all contractor public improvement projects. On smaller projects, \$50,000 or less, this adds cost to a project where the financial risk is limited by the scope and complexity of the project. The bond costs can add 4% to 6% to a project, and in some cases qualified contractors may not have sufficient bonding capacity to obtain required

bonding beyond state licensing requirements. Staff has discussed this issue at length with Mr. Coffey and Mr. Ellingsen of Nasburg & Co., insurance agent of record, and both agree a reduction in bonding requirements is acceptable. Staff recommends for public improvement projects not exceeding \$50,000 that contractors not be required to provide a performance bond. After a brief discussion, Ms. Cribbins moved to approve the modification of the utility's practice of requiring payment and performance bonds to only public improvement projects exceeding \$50,000. The motion was seconded by Mr. Solarz and passed unanimously.

Mr. Schab said one item for the Board's consideration which is not on the agenda is regarding bid bonds. Mr. Coffey stated the utility issues quite a few Invitations to Bid, which include some public improvement projects that are not in excess of \$50,000. One example is the current Glasgow Reservoir Roof Replacement Project, and this was one of the reasons staff wanted to address this issue. Mr. Coffey said if the solicitation documents state when a contractor submits his bid, he must also provide a bid bond, the bond adds cost to the project. The bid bond serves a different function than the payment and performance bonds. The bid bond purpose is to hold the bidder to their original bid. Mr. Coffey feels the utility is not taking too much risk if staff waives the requirement that bidders furnish a bid bond when they submit their bid for public improvement projects not exceeding \$50,000.

Ms. Cribbins asked what the utility's current policy is on requiring a bid bond on all public improvement projects. Mr. Schab stated by practice only, there has never been formal Board action on this issue. Ms. Cribbins asked if the utility had to go back on any bid bonds. Mr. Schab said he could recall only on a couple of occasions and the decision was made to release the bidders rather than pursue a bid bond recovery process. After a brief discussion, Mr. Solarz moved they authorize the General Manager to waive the requirement that bidders furnish a bid bond, at his discretion, for public improvement projects not exceeding \$50,000. The motion was seconded by Dr. Sharps and passed unanimously.

The Board members asked if they could get periodic updates on the utility's larger projects as they progress. Mr. Schab said staff would give updates at future Board meetings.

The Board's next regular meeting was scheduled for September 18, 2014 at 7:00 a.m.

There being no other business to come before the Board, Chair Sharps adjourned the meeting at 8:20 a.m.

Approved _____, 2014

By: _____
Chair Charles J. Sharps, Ph.D.

ATTEST: _____