

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  
February 20, 2014

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

Chair Solarz asked if there were any corrections or additions to the February 6, 2014 Regular Board meeting minutes. Dr. Sharps moved the minutes be approved as written. The motion was seconded by Ms. Cribbins and passed unanimously.

Chair Solarz asked if there were any public comments and there were none.

Regarding the Financial Auditor Selection Procedure, Mr. Schab said Hough, MacAdam & Wartnik have been the Board's auditors for 6 fiscal years and have provided excellent service. Staff is asking the Board to consider one of the following: Extend the current contract with Hough, MacAdam & Wartnik one year at a time; extend the current contract with Hough, MacAdam & Wartnik for three additional years, or develop and issue a Request for Proposals for auditing services. After a brief discussion, Mr. Solarz moved to extend the current contract with Hough, MacAdam & Wartnik for three additional years. The motion was seconded by Ms. Cribbins and passed unanimously.

Regarding the McCullough Bridge 16-inch Steel Pipe Zinc Coating project, Engineering Supervisor Matt Whitty stated the Board previously authorized staff entering into a contract with Great Western, subject to the approval of the Board attorney. Because the project is over \$100,000, state law requires a performance and payment bond. Due to the length of the project (5 years) and low cost with little profit, Great Western desires not to lock up their bonding capacity for this project. Mr. Whitty said ORS 279C.390 allows a local contract review board to exempt a contract from the requirement that good and sufficient bonds be furnished to ensure performance and payment obligations incurred in the performance. Great Western will coat the pipe in 10 separate segments, moving the work enclosure between each coating effort. This work minimizes the exposure of the Water Board regarding performance on the project. The length of the project will reduce the exposure of the utility due to the likelihood that any payment issues will surface before additional work is done. After a brief discussion, Dr. Sharps moved to approve the proposed contract as drafted, award the contract as a sole source procurement, and exempt the McCullough Bridge 16-inch Steel Pipe Zinc Coating project from the requirement for performance and payment bonds by adopting Resolution No. 332.

The resolution read as follows:

Resolution No. 332

RESOLUTION OF THE BOARD OF DIRECTORS OF THE COOS BAY-NORTH BEND WATER BOARD, ACTING IN ITS CAPACITY AS ITS OWN LOCAL CONTRACT REVIEW BOARD, EXEMPTING A CONTRACT WITH GREAT WESTERN CORPORATION ("GREAT WESTERN") FOR ZINC COATING AND OTHER REPAIR WORK ON APPROXIMATELY 1,928 FEET OF STEEL PIPE ON THE McCULLOUGH BRIDGE FROM COMPETITIVE BIDDING REQUIREMENTS AND, FURTHER, EXEMPTING THE CONTRACT WITH GREAT WESTERN FROM THE REQUIREMENT THAT GREAT WESTERN FURNISH A PERFORMANCE OR PAYMENT BOND FOR THIS CONTRACT.

WHEREAS, the Coos Bay-North Bend Water Board (hereinafter "Water Board"), pursuant to ORS 279A.060, by Resolution Number 287, dated April 7, 2005, has named itself as its local contract review board; and

WHEREAS, the Water Board Local Contract Review Board ("WBLCRB") has rule making authority pursuant to ORS 279A.065 (5) to adopt rules to carry out the powers and duties of a local contract review board; and

WHEREAS, the WBLCRB has authority under ORS 279B.075 (1) and Resolution No. 287 to award a contract without competition when the WBLCRB determines in writing that the services are available from only one source; and

WHEREAS, the written findings required by ORS 279B.075 (1) may include consideration of any findings that support the conclusion that the services are available from only one source, and therefore the WBLCRB may consider the type, cost, amount of the contract, number of entities available to bid and such other factors as may be deemed appropriate; and

WHEREAS, Great Western has advised the Water Board staff that it is not able to furnish the Water Board with a performance or payment bond for this contract and the Water Board has investigated the reasons supplied by Great Western for not being able to furnish a performance or payment bond for this project.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The written findings (attached as Exhibit A hereto and incorporated herein by this reference) support the conclusion that the services to zinc coat approximately 1,928 feet of 16 inch steel pipe on the McCullough Bridge, at a reasonable cost and in a timely manner, are available from only Great Western, and therefore the WBLCRB has the authority to award this contract to Great Western without competition as a sole source procurement. The Water Board may use alternative contracting methods, including direct negotiation, to negotiate the contract with Great Western. The Board of Directors of the Water Board shall specifically approve by resolution any final contract to be entered into by the use of alternative contracting methods.
2. The WBLCRB also exempts Great Western from furnishing either a performance or payment bond for the work to be performed by Great Western contract with the Water Board for the McCullough Bridge pipe coating project.

#### EXHIBIT A to Resolution No. 332

The Local Contract Review Board for the Coos Bay – North Bend Water Board have considered the following factors that support the conclusion that the services required to zinc coat approximately 1,928 feet of 16 inch steel pipe owned by the Water Board and located on the northern portion of the McCullough Bridge in North Bend, Oregon, are available from only one source, Great Western Corporation. The facts that support this conclusion are as follows:

1. Currently, the Oregon Department of Transportation has entered into a contact with Hamilton Construction for repairs needed to the McCullough Bridge. Hamilton Construction is currently performing repair work on the McCullough Bridge, and this work is anticipated to continue for five (5) years.
2. Great Western Corporation ("Great Western") is a current sub-contractor with Hamilton Construction, and is currently mobilized and performing work, as a sub-contractor for Hamilton Construction, on the McCullough Bridge.
3. Water Board staff received a proposal from Great Western to sandblast and apply zinc coating to approximately 1,928 feet of 16 inch steel pipe owned by the Water Board and located on McCullough Bridge, and also to perform any needed replacement of coupler bolts at each pipe joint and to nuts and bolts, replace bands and modifying brackets as needed on the steel pipe. Great Western proposed entering into a separate contract with the Water Board to perform this work at the same time as its work for Hamilton Construction progressed on the McCullough Bridge. The cost for the work for the Water Board provided by Great Western was \$147,433.76.
4. Prior to the Water Board receiving the current Great Western proposal, in Phase 1 of the ODOT McCullough Bridge project, Great Western performed similar work on the Water Board 16 inch steel pipe on the McCullough Bridge and this work for the Water Board was completed by Great Western to the satisfaction of the Water Board.
5. The Water Board currently needs to have the cathodic protection work for the 16 inch steel pipe on the McCullough Bridge completed. If Great Western was not already mobilized and on-site and working on the McCullough Bridge, the Water Board would have to solicit a contractor who was not mobilized, and would, therefore, need to pay that contractor's mobilization costs. This would result in the overall cost of this project to be far greater than the cost proposed by Great Western, since Great Western is already mobilized and on-site.
6. There are only a limited number of contractors who can perform the type of work on the 16 inch steel pipe needed by the Water Board. No other contractor who is capable of performing this work is currently located in the immediate area of the project. Further, the type of work to be performed for this project is specialized, and Great Western has previously demonstrated that it has the equipment and personnel to successfully perform this work to the satisfaction of the Water Board.
7. It is the opinion of the Water Board staff that if the work were to be opened to a competitive solicitation process, that the required work would be delayed, that there may be no other contractors, other than Great Western, to seek this work, and that the overall cost of the work proposed would be significantly greater than the cost for the work provided by Great Western.
8. In a contract with Great Western, the Water Board has been advised that Great Western is not able to furnish a performance or payment bond for the work proposed. The overall time for the project to be or exceed five years, and the proposed cost of the work, \$147,433.76 is not sufficient so that Great Western can supply independent bonds to the Water Board for this work. The Water Board finds that since the overall cost of the project will average about \$30,000 per year for the remaining five years on this project, that the Water Board exempt from any contract with Great Western the requirement that they furnish a payment or performance bond.

Operations Director Ron Hoffine advised the Ocean Boulevard Main Replacement Project is ready to advertise for bids. This project consists of replacing the existing 8-inch diameter main in Ocean Boulevard with a new 20-inch main from the Water Board driveway entrance to Woodland Drive. The utility's current capital budget includes \$714,000 for the project. Mr. Hoffine said the project will extend into fiscal year 2015 and it is anticipated the fiscal year 2015 budget may include additional funds to construct the project as awarded. After a brief discussion, Ms. Cribbins moved they authorize the advertisement for bids for the Ocean Boulevard Main Replacement Project and present bids to the

Board at a future date for consideration of award. The motion was seconded by Dr. Sharps and passed unanimously.

Engineering Supervisor Matt Whitty stated the condenser in heating unit #1 has failed. This unit provides heat to the entire downstairs of the Service Center. Currently, this area is being heated by emergency electrical heat at high cost. The utility's HVAC maintenance company estimates repair costs for the unit will exceed \$4,000. The estimated replacement cost for the unit is \$6,500 plus staff time. Staff recommends replacing the heat pump due to the high repair cost. The use of capital reserves would be used to fund this as it is not a budgeted project. Mr. Solarz asked if there was a warranty on the failed unit. Mr. Whitty said there was a 1-year warranty. Mr. Solarz suggested looking for a heat pump with a longer warranty. After a brief discussion, motion was made by Ms. Cribbins authorizing staff to solicit quotes for the replacement of Unit #1 heat pump and authorize the General Manager to award the project to the company providing the lowest quote meeting the requirements of the Request for Quotes. The motion was seconded by Dr. Sharps and passed unanimously.

The Board's next regular meeting was scheduled for March 6, 2014 at 7:00 a.m.

At 7:30 a.m. Chair Solarz directed they go into executive session for the purposes of discussing current and potential litigation pursuant to ORS 192.660(2)(h). They returned to open session at 8:12 a.m.

There being no other business to come before the Board, Chair Solarz adjourned the meeting at 8:15 a.m.

Approved \_\_\_\_\_, 2014

By: \_\_\_\_\_  
Chair J. Gregory Solarz

ATTEST: \_\_\_\_\_