

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

Minutes
Regular Board Meeting

April 12, 2017
7:00 a.m.

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, Bob Dillard and Dr. Charles Sharps. Water Board staff present: Ivan D. Thomas, General Manager; Matt Whitty, Engineering Manager; Bill Hagan, Operations Manager; Jerre Cover, Water Treatment Supervisor; Jeff Howes, Finance Director; 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 March 23, 2017 Regular Board meeting minutes and March 31, 2017, Special Board meeting minutes. Ms. Cribbins moved the minutes be approved as written. The motion was seconded by Dr. Sharps and passed unanimously.

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

Mr. Thomas stated quotes were solicited on maintenance services for three emergency standby generators. The request was for annual maintenance in accordance with the manufacturer's recommended maintenance intervals and procedures for a contract period of six years.

The three emergency standby generators are located at Pony Creek Treatment Plant, Water Board Service Center, and at the High Level Pump Station. The existing generator maintenance contract with Peterson Cat expires on April 30, 2017 with no option for renewal. Three quotes were received as follows:

<u>Bidder</u>	<u>Amount</u>
Peterson Cat	\$41,550
Pacific Power Group	\$43,484
Cummins Northwest	Did not meet criteria

Mr. Dillard asked why a six year contract is being considered as opposed to a three year contract. Mr. Thomas stated staff looked at three years with an option to renew but determined it would be most beneficial with a six year contract where an even amount of generator maintenance can be performed on specific maintenance. Peterson Cat was the lowest

responsible bidder. The utility has used the services of Peterson Cat for this maintenance in prior years and has been pleased with their services. The generator maintenance expenses are budgeted each fiscal year out of the Distribution operations budget. After a brief discussion, Ms. Cribbins moved to award Peterson Cat the generator maintenance service contract of the three emergency standby generators for a term of six years in the amount of \$41,550. The motion was seconded by Dr. Sharps and passed unanimously.

Engineering Manager Matt Whitty presented staff's request to solicit bids regarding the proposed North 8th and Hemlock Main Replacement Project. In 2009, after experiencing numerous main breaks over a period of several years, the Water Board committed to replacement of over 6,500 feet of 14-inch diameter cast iron main. The main is a significant transmission main for delivery of water from the clearwell to the northern portion of the utility's service area. The problematic 14-inch cast iron pipe ran from 10th and Central Avenue to Pine Street and Highway 101 next to Coos Bay Toyota. To date, the utility has replaced over 4,000 feet of the main with three planned projects and one emergency relocation project, leaving 2,170 feet of replacement to be completed.

The project currently under consideration was originally planned for FY 2016, however was postponed due to the South Empire Boulevard Streetscape project. The proposed replacement pipe is 16-inch diameter ductile iron water main. Total cost for the 2,170 foot replacement is estimated at \$857,000. A portion of the project cost is included in the current year's fiscal budget at an estimated cost of \$520,800. Due to the size of the project, staff plans to place the remaining \$336,200 into the FY 2018 budget.

Another problematic water main connects to the 14-inch main at the intersection of North 8th Street and Hemlock Avenue. This 8-inch diameter cast iron main is located immediately adjacent to building foundations on the North side of Hemlock. The main is in very poor condition and has had several main breaks. The FY 2017 budget includes \$304,400 for the estimated replacement cost of this main. The estimate was based on upsizing the water main to 12-inch. After design review of the transmission and distribution lines in this area, staff determined there was no need to increase the size of this main. The proposed replacement main is an 8-inch diameter ductile iron water main. Staff estimates a cost savings between \$25,000 and \$40,000 by using 8-inch main rather than 12-inch main for this 712 foot-long replacement.

Due to the close proximity of the projects, staff proposes combining the projects and advertising for bids for installation of 2,170 feet of 16-inch diameter ductile iron water main together with 712 feet of 8-inch diameter ductile iron water main. The total estimated cost for replacement of these mains is \$1,135,000. This estimate includes the amounts in the current year's fiscal budget less \$26,400 to account for the anticipated savings due to using 8-inch main on Hemlock, plus \$336,200 to be included in the FY 2018 budget.

Mr. Whitty stated staff is near completion of the design and is targeting the end of April to advertise for bids. After a brief discussion, Ms. Cribbins moved to authorize staff to solicit bids for the North 8th and Hemlock Main Replacement Project. The motion was seconded by Mr. Dillard and passed unanimously.

Mr. Thomas stated quotes were solicited for a new air compressor as part of the utility's Vehicle Replacement Program. Three quotes were received as follows:

<u>Bidder</u>	<u>Amount</u>
Sullair, Michigan City, Indiana	\$19,662
Atlas Copco Co., Peterson Cat, North Bend	\$19,600
Sullair, Michigan City, Indiana (with Isuzu Power Plant	\$20,561
United Rental, Coos Bay	No Bid

Low quote is from Peterson Cat in the amount of \$19,600 and their bid meets all specifications. The amount of \$17,500 is included in the current year's fiscal budget for replacement of the 1979 model air compressor. The remaining funds would be from the Vehicle Replacement Program, resulting in a carryover of \$177,000 to the next fiscal year's budget. After a brief discussion, Dr. Sharps moved to authorize the General Manager to issue a purchase order to Peterson Cat in the amount of \$19,600 for one new air compressor. The motion was seconded by Mr. Dillard and passed unanimously.

Regarding 4 C's Janitorial Service, Mr. Thomas stated the utility has an implied contract with 4 C's Janitorial to conduct janitorial services at the Water Board's Service Center. The original contract was entered into in August of 2006 for a one year period in the amount of \$1,300 per month. To date, 4 C's Janitorial is being paid at the same rate.

The original contract does not have an option to renew; therefore it does not address a plan for annual increases. The contract does contain a section regarding amendments which simply implies "this agreement may be amended only by an instrument in writing executed by the parties."

Over the past years the Pony Creek Treatment Plant has not had any janitorial services and it is to the point that services are needed.

Water Board contracting guidelines allow for when circumstances arise which, in the sole discretion of the General Manager, justify an amendment of the original contracts. The General Manager shall consider whether the amendment is within the general scope of services contemplated under the original contract and whether the proposed amendment would materially impact the field of competition for the additional services described in the original contract. Factors to be considered in making this determination include similarities in work, project site, relative dollar values, differences in risk allocation, and such other factors as the General Manager, in his discretion, may consider relevant.

Water Board contracting guidelines also allow for intermediate procurements where the total increase in the contract price, either by one amendment or cumulative amendments, does not increase the total contract price by more than 25 percent. In this case, an additional 25 percent would equal \$325 per month or \$1,625 per month total.

Mr. Thomas stated with permission of the Board he could negotiate an amendment to the contract with 4 C's Janitorial. Over the last 11 years, staff has been very happy with the work of Linda Cavanaugh, owner of 4 C's Janitorial. 4 C's Janitorial has proven to be trustworthy,

reliable and has good rapport with Gold Coast Security, the utility's security provider, who monitors alarms and security for the premises.

By requesting additional duties at Pony Creek Treatment Plant, and accounting for minor increases in current pricing due to inflation over the last 11 years, the Water Board could justify an increase in cost of 25 percent to the implied contract amount of \$1,300 monthly.

After a brief discussion, motion was made by Ms. Cribbins authorizing the General Manager to negotiate an amended contract with 4 C's Janitorial in an amount not to exceed \$1,625 per month effective July 2017. The motion was seconded by Mr. Solarz and passed unanimously.

Finance Director Jeff Howes updated the Board regarding audit services. Mr. Howes stated Hough, MacAdam, Wartnik, Fisher & Gorman, LLC have performed audit services for the utility for many years and staff has been pleased with their services. Joe Colo, auditor from their firm who has been active in the utility's audit, will be retiring in the near future. Mr. Howes stated fees for audit services this year by Hough, MacAdam, Wartnik, Fisher & Gorman, LLC. will be increasing by approximately twenty percent, for a total of \$19,800. Mr. Howes commented he would like to communicate with other firms as to their rates/availability and inquired of the Board's position on this. It was the Board's consensus for Mr. Howes to do so.

Pony Creek Treatment Plant Supervisor Jerre Cover gave an update regarding removal of chemicals stating the Beaver Hill disposal site is unable to dispose of the chemicals because of the large volume. Mr. Cover is waiting to hear back from a company regarding disposal.

Regarding the 2017 timber sale, Engineering Supervisor Matt Whitty stated the utility's average harvest acreage per year has been approximately 15 acres. He commented the Water Board could easily double that and do a 50 year rotation. In 2011, the timber sale was 58 acres and the utility received approximately \$750,000; 2013 and 2015 were both approximately 38 to 40 acres and were in the range of \$400,000 to \$500,000. This year staff is looking at some areas by the clearwell that have a large alder component. The main reason staff are looking at these areas is because the alder market is very good at the time. Mr. Whitty stated staff is thinking of increasing the size of the timber sale which would be approximately 82 acres. Mr. Dillard inquired if the bids include replanting. Mr. Whitty stated the contract includes reforestation and slash burning. Staff is working with Stuntzner Engineering and Forestry. Dr. Sharps inquired when the logging would begin. Mr. Whitty stated the sale would begin this summer and the contract allows for 18 months to complete the logging. Dr. Sharps commented he has no problem increasing the size of the timber sale. Mr. Whitty stated a larger timber sale would attract more bidders. The Board members gave their support to increase the size of the 2017 timber sale.

Mr. Thomas stated with the Budget Committee meetings approaching, staff has sent a letter to the Cities of Coos Bay and North Bend extending an invitation to one member from each of the City Councils, including the Mayors, to participate in the upcoming meetings. The Board agreed to also extend invitations to Patty Scott and Laird Bryan, both of whom sat on the Budget Committee last year.

The Board's next regular meeting was set for Monday, May 1, 2017, at 7:00 a.m.

At 7:42 a.m. Chair Solarz directed they go into executive session for the purpose of discussing potential litigation pursuant to ORS 192.660(2)(h). They returned to open session at 7:59 a.m.

There being no other business to come before the Board, Chair Solarz adjourned the meeting at 7:59 a.m.

Approved: _____, 2017

By: _____
Chair Greg Solarz

ATTEST: _____