



**City of Lake Oswego/City of Tigard Water Supply Partnership  
Summary of Oversight Committee Meeting #9  
Meeting held September 8, 2010**

Lake Oswego Technical Committee Member Joel Komarek called the meeting of the Lake Oswego/Tigard Water Partnership Oversight Committee to order at 3:13 p.m. on September 8, 2010, in the 2<sup>nd</sup> Floor Conference Room of the Tigard Public Library; 13500 SW Hall Boulevard, Tigard.

**Present:**

<b>City of Lake Oswego</b>	<b>Oversight Committee:</b> Councilors Bill Tierney and Mary Olson <b>Staff:</b> Joel Komarek, Jane Heisler, David Prock, Kari Duncan, Laura Barrie <b>Brown and Caldwell Staff:</b> Jon Holland
<b>City of Tigard</b>	<b>Oversight Committee:</b> Councilors Sydney Webb and Gretchen Buehner <b>Staff:</b> Dennis Koellermeier, Rob Murchison
<b>Guests</b>	Paul J. Heydenrych, Hatch Mott MacDonald Brad Moore, Kennedy/Jenks Consultants

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1. CALL TO ORDER/ROLL CALL
  2. APPROVAL OF MINUTES FROM MEETING #8

Mr. Komarek asked for approval of minutes from the last meeting held on June 28, 2010. Councilor Buehner motioned to approve, Councilor Webb seconded the motion. A voice vote was taken, and the motion passed with Lake Oswego Councilor Tierney and Tigard Councilors Webb and Buehner voting 'aye' (3-0); Councilor Olson did not vote because she was not a member of the Oversight Committee in June. Minutes from the June 28, 2010, meeting, were approved.

3. PUBLIC COMMENT

Mr. Komarek gave the guests in the audience a chance to make a public comment. Neither guest responded.

4. PROGRAM COST UPDATE AND SCHEDULE

Mr. Komarek stated that everyone should have received a summary memo from the Technical Committee regarding program cost updates. He asked Jon Holland with Brown and Caldwell to share the lead on a lot of the discussion. Based upon the project definition work that has been ongoing since February of 2010, current understanding about the condition of the existing facilities has had a significant effect on program costs. Mr. Komarek noted that current program cost estimates result from the more comprehensive and in-depth analysis and inspection conducted by Brown and Caldwell as part of their scope for project definition. By way of example, he noted that architects, electrical, mechanical and structural engineers inspected the Water Treatment facility from top to bottom. He noted that a comprehensive investigation of the

conveyance pipelines from the water intake in Gladstone on the Clackamas all the way out to the Bonita Road pump station was recently conducted. He concluded his discussion by noting that through the project definition efforts recently completed, assumptions carried forward in the prior partnership feasibility analysis and documented in the 2007 Carollo report, were no longer valid and as a result of that along with the proposed inclusion of ozone in the expanded water plant, costs that were previously estimated to be \$200 million are now estimated at \$230 million.

Mr. Komarek asked Mr. Holland to walk the Oversight Committee through the estimating process. The project team will be going to the Council's in September with what is considered to be a Class 3 estimate. Mr. Komarek asked Mr. Holland to explain the process that went into developing this updated cost estimate and revisit what the range means in a Class 3 estimate and why there is a range.

Mr. Holland mentioned this is a comprehensive program estimate that includes program management costs, sponsor costs which includes everything the two cities would contract for such as legal advice, easement and right of way acquisition, the city of Lake Oswego's personnel costs and materials testing during construction. The big costs are construction dollars and some pretty substantial design engineering costs that will precede the construction costs. Utility relocation costs, costs to upgrade electrical service to the plant, and a construction contingency have been included as well as a cost allowance for potential mitigation expenses. It appears the previous budgetary number was developed trying to hit a bid day price rather than a close out of all construction price. The new estimate has allowed a 5% contingency for change orders and unforeseen conditions during construction. There was a team of professional estimators working with the project leads to understand the size was of each facility, the capacity, how much earth work, how much shoring, how much equipment (electrical, mechanical, etc.) and then develop very detailed estimates. As has been mentioned in the past, when the project is not at the 100% design stage, accuracy is going to be less. This project is clearly short of 100%. Design engineers have not been retained yet. We are probably in the 10% to 20% design level range. However, we have tried to go further with our project leads and our estimators to really focus on those issues that would influence costs the most so that we could raise the level of accuracy to the Class 3 estimate which is -20% to +30%. The current best guess is \$230 million and with the -20% and +30% on top of that, you end up with a program that could cost slightly less than \$200 million at the low end to about \$281 million at the upper end.

Mr. Holland asked if there were any questions. Councilor Buehner asked if the Carollo report included ozone? Mr. Holland stated ozone was not included. Mr. Komarek pointed out that ozone is one of the things that has changed. Another change is we are now looking at a reservoir that is a million gallons larger in capacity than was assumed in the Carollo report. A construction contingency is being included and we have also taken what we think is a reasonable look and a reasonable approach to try to estimate what mitigation costs might be. The project is going through quite a bit of sensitive lands and building structures in rivers that have endangered species in them. We have tried to take a rational approach to estimating what those mitigation costs could be. The project will be building large pipelines in other communities on old streets and those communities have an interest in seeing the streets restored to a reasonably good condition. All of those things have been considered in developing a mitigation cost. During the condition assessment on the water treatment plant, which was conducted by a team of experts (structural and electrical engineers), it was determined that we cannot salvage any of the major electrical equipment in the facility. It is old and there are no replacement parts for it anymore. It will be

undersized for the new capacity of the plant. Clearances for OSHA requirements and other worker safety requirements are inadequate. That has resulted in a concept being developed now about having a new building to house all of the electrical equipment for the water treatment plant. In addition to that, there are life safety issues at the current operations building with respect to the fact that the plant manager, Kari Duncan and the operators are working in a building that houses hazardous chemicals. Based upon current building codes, if there are going to be major upgrades to those facilities, there will be a requirement to separate those people from those chemicals. That is causing us to look at a new chemical building on the plant site. It has been taken into account that Ms. Duncan and the operators are shoehorned into a very small, inadequate space for the day-to-day administrative functions that are required. There is no records storage space at the plant for the many, many volumes of operator manuals and records that are required by law to be maintained. A new administration/maintenance building is another consideration being looked at. The plant has a small maintenance area that the operators work out of, which consists of a self-constructed wooden bench with a bunch of tools on it. Those things were not contemplated in the original estimating work that Carollo did back in 2006 and 2007. That is a direct result again of the fact that we did not task Carollo with a full condition assessment. We did not task them with the work that Brown and Caldwell is doing now. What we asked Carollo to do back then was to help us understand if a partnership is viable and if so why, and does it make sense relative to other alternatives? They discharged that duty. We would not be sitting where we are today if the prior Carollo work had not shown that there is value in a partnership.

Councilor Olson asked if the new electrical building, the new chemical building, and the new administrative building will be in addition to the plant. Mr. Komarek answered yes they would be new facilities. We have looked at ozone as another new process and of course it has its own equipment and buildings. Those are the major elements.

Councilor Olson asked about the 2<sup>nd</sup> reservoir and whether it was always contemplated, but now is bigger? Mr. Komarek answered that the volume was originally a 2.5 million gallon tank and now we are looking at 3.5 million gallons. There are existing storage deficiencies. Rather than build something smaller now and try to build a third reservoir in the future, it makes sense to do it now; get some economies of scale.

Councilor Tierney asked to be taken through the component pieces and what we think they are going to cost based on the Class 3 estimate. Class 3 could still be \$200 million if it is -20%. Mr. Holland replied that the numbers he is going to give will not add up to \$230 million because there are program costs and project costs and we have not attempted to allocate all of the program costs to each project. The number adds up to \$160 million.

**Recording device failed.**

Mr. Holland gave the breakdown as follows and indicated these are construction costs:

- RIPS \$ 14.8 Million
- RWP \$ 20.2 Million
- WTP \$ 66.2 Million
- FWP \$ 45.4 Million
- Waluga \$ 6.6 Million

- BRPS \$ 5.8 Million
- Computer Control/Instrumentation \$ 1.5 Million
- TOTAL \$160.5 Million

Mr. Holland discussed the project schedule, indicating that the schedule has been set up for completion a year before the deadline date for Tigard/Portland water service. This early finish date is to allow for possible complications during construction.

Mr. Komarek mentioned the staff planner asked to bring a consultant on board to assist with the Land Use portion of the project because of the accelerated schedule.

#### 5. COMMUNICATIONS UPDATE

Ms. Heisler handed out a communications packet that included calendars from August and September and some recent newspaper articles highlighting the Lake Oswego/Tigard Water Partnership.

Ms. Heisler indicated upcoming meetings were as follows:

- September 8 – Waluga Neighborhood meeting at the end of Parkhill Road
- September 9 – LO Council Candidate Orientation on City Projects. It was mentioned that all candidates need to receive the same information
- September 14 – Robinwood Neighborhood meeting
- September 15 – Presentation to West Linn Utility Advisory Board
- September 29 (tentative) – Site Layout/Landscaping for Waluga Good Neighbor Plan

Ms. Heisler mentioned that balloons on 40 foot strings had been staked at the Waluga Reservoir site, this would give the neighbors a feeling for where the tank would fit among the trees. The Beat the Peak campaign has been running for a few weeks. The goal is to encourage conservation. The communications team is working on the next installments of Water Savvy. The next issues include #5 on conservation and #6 which will concentrate on conventional filtration plus ozone. These should be completed soon. Maple Grove surveys have been received and respondents have indicated that a pathway connecting Kenthorpe and Mapleton would be greatly appreciated.

#### 6. FUTURE AGENDA ITEMS/NEXT MEETING DATE

Mr. Komarek stated that from now until the end of the calendar year, the Oversight Committee will be meeting monthly.

The next meetings are scheduled as follows:

- Monday, October 4, 2010, 3:00 p.m. – 5:00 p.m. in Lake Oswego
- Monday, November 1, 2010, 3:00 p.m. – 5:00 p.m. in Tigard
- Monday, December 6, 2010, 3:00 p.m. – 5:00 p.m. in Lake Oswego

Councilor Tierney asked that if the meetings are running about an hour in length, can the time be adjusted to start at 4:00 and end at 5:00? No decision was made.

9. ADJOURN

Mr. Komarek adjourned the meeting at 4:17 p.m.

Attachments: None

Approved: October 4, 2010