Lake Oswego/City of Tigard Water Supply Partnership
Summary of Oversight Committee Meeting #4
Meeting held November 9, 2009

Attendees:  City of Lake Oswego (LO)
Bill Tierney
Joel Komarek
Dave Prock
Kari Duncan
Jane Heisler
Eric Day
Laura Barrie

City of Tigard (COT)
Sydney Webb
Gretchen Buehner
Dennis Koellermeier
Rob Murchison

Meeting Summary:

Lake Oswego Oversight Committee member Kristen Johnson was absent. LOTC member Komarek began the meeting by reviewing the agenda with the TC members and OVC members. Discussions of agenda topics followed and are summarized below:

Introductions of New Water Team Members

LOTC member Komarek welcomed and introduced the new Water Team Members. Dave Prock, Deputy Director; Jane Heisler, Communications Manager; Eric Day, Planner; Laura Barrie, Administration.

Review/Discussion of First Quarterly Budget Status Report

Mr. Komarek asked if there were questions or comments about the quarterly budget status report. Because OVC member Tierney and OVC member Buehner had not received the document, Mr. Komarek summarized the document as follows:

- In the first quarter (beginning July 1 and ending September 30), Lake Oswego recruited and hired the staff for the water team.
- LO initiated a competitive qualifications-based selection process to retain a Program Manager.
- Outside consultants were retained to assist with public involvement and then also for water rights’ expertise. GSI Water Solutions is a firm that the city has been working with for some time on a variety of water rights-related issues. GSI can provide a significant value to the project in terms of the permitting for a new intake on the Clackamas River. LO has been working with Adam Sussman, who for 15 years was a Senior Policy Analyst for the Oregon Water Resources Department in Salem prior to joining GSI.
• Budget activities for the 2nd quarter, ending December 31, include completion of the Program Manager selection process and potentially co-locating that Program Manager to the WEB. One of the first things that the Program Manager will do is begin developing a budget for the next budget cycle which begins very soon. We have a budget due for this project to the TC by March 1st; then the OVC on April 30th; then to our respective councils before the end of the fiscal year.

• A joint Lake Oswego / Tigard city council meeting has been tentatively scheduled for January 12th.

• LO water team members met with West Linn Public Works, Parks and Planning staff and the City Administrator and Public Works Director with the City of Gladstone.

Technical Committee Report on Program Manager Procurement and Proposed Selection & OVC Discussion of TC's Proposed Selection of Program Manager

At the last meeting in June, the TC provided some information about various types of delivery methods that were available to public agencies for large capital projects. There was a matrix developed showing the pros and cons. Ultimately, the Program Manager-type of delivery was recommended. This type of delivery provides a lot of flexibility to public agencies in terms of their ability to procure services for the projects that comprise the program depending on the needs at the time. Flexibility will be a good thing for financing and bond issues and the economy. The OVC agreed with this direction, so a three-step process was initiated.

• Request for Qualifications statements

• Followed by a Request for Proposals which were issued only to those firms that were considered qualified. Those firms were rated and ranked and the top two firms were invited to interview with a selection panel that was made up of Dennis Koellermeier, Rob Murchison, Joel Komarek, Dave Prock, Kari Duncan, and one gentleman from the City of Portland Water Bureau. The RFQ step was publically advertised in the Portland and Seattle Issues of the Daily Journal of Commerce. Prior to that both Mr. Koellermeier and Mr. Komarek received numerous phone calls from firms in the consulting community. Six firms responded to the RFQ. The selection panel narrowed that down to three. Those three were invited to submit full proposals. Of those three firms, two were determined to be the most qualified - Brown and Caldwell and CH2M Hill. Both firms were asked to come to an in-person interview prepared to talk about their estimated fee for the scope of services and the approach to delivery of those services. At the conclusion of the interviews, the firm that received the highest number of points was Brown and Caldwell. Both firms had presented their fee estimate. There was a $7 million difference. Those differences are summarized in a memo. Based upon equivalent scopes, Brown and Caldwell’s fee was competitive with CH2M Hill’s. Negotiations began with Brown and Caldwell. The TC is comfortable in coming to the OVC with a recommendation that a contract be awarded to Brown and Caldwell. This contract will not be for the total $27 million, but only for the first year’s services. When Mr. Komarek goes to the LO council next week it will be to recommend that a contract be awarded to Brown and Caldwell for what will be spent in the first 7 months. Then prior to the end of each fiscal year, the scope will be updated and respective councils will be asked to award a contract for the subsequent year.

• LOTC member Dave Prock tried to get a feel for where the fees should be by using information provided in a rate schedule from Brown and Caldwell. A synthetic project was developed using the scope of work, the years of duration, the number of people and their utilization which resulted in a project cost of approximately $27.5 million. If the same had been done for
CH2M-Hill it would not have been lower. The two firms have similar rates and they would be comparable.

- Mr. Tierney asked if this is above or below what the total expense for this type of project should be. Mr. Koellemeyer and Mr. Komarek met with Mark Knudsen, who at one time worked for Carollo Engineers but is now with TVWD. It was determined that the fees for a program this size should be in the 10 to 15% range. Based on a $200 million construction project, Brown and Caldwell’s fees fall right in the middle of that range.
- Mr. Koellemeyer suggested that timing is an interesting factor. Both the finalists have suggested a 5 ½ year project. We have 6 ½ years on the calendar. The expenses will be higher in the earlier years if the shorter time frame is assumed. It is important to get a competent stable of people to draw on even though we do not know what we’re going to need.
- OVC member Buehner suggested it is more important to prepare for the worst case scenario.
- OVC member Sydney Webb asked if the economy has had anything to do with the bids that have been received. Mr. Komarek responded that professional service billing rates are generally equivalent over the industry. Most of the firms are pretty busy. They all really wanted this project. This is a project that has not been done in Portland or even Oregon in quite some time. This is just for the program management, permitting, and construction management portion of the project. There are design packages that are going to be competitively solicited. Some consultants did not compete for program management services so they can participate in the design portion. Brown and Caldwell will help us define the scope for design services.
- A vote of the OVC that could be carried to the Council would have merit. Mr. Tierney moved to approve recommendation of the TC. OVC member, Gretchen Buehner, seconded the motion. All in favor – it was unanimous.

Discussion of Program LOGO and public involvement activities

- Ms. Heisler commented about how LO has been working with Tigard staff on how to identify this project. Is it a partnership or a project? Today, there is a consensus on LO Tigard Water Partnership - Sharing Water and Connecting Communities. The Yin and Yang symbol represent water with the drop and the environmental stewardship aspect which is represented by the leaf. There has been a lot of discussion about the leaf. OVC member Buehner mentioned that she is having trouble understanding how the logo represents water. Ms. Heisler responded that the water drop is representing water and the Yin and Yang symbol represents the partnership. The hope is to use the logo on all communications. People will begin to identify the logo with the project. Work on the web site is starting. Unlike the LOIS web site which is connected to the LO city web site, this site will be independent because both cities are involved. Content will be written soon. A couple of videos will be done answering questions such as why do we need the project and what is in it for the two communities? The next video will answer what is involved in the project from the water shed to the intake and the different pieces that will be part of the project. For the videos, it will be necessary to conduct some interviews. Those interviews could include local staff, OVC members, and the Mayors of each city.
- In the next few months, the OVC will develop a public involvement strategy. LO needs to be informed of the way the Tigard community prefers to be communicated with. What has been important with LOIS is that communication occurs on a variety of levels. People who do not live in these communities will be impacted because of construction.
- OVC member Buehner asked about three partners who will need to be kept informed. TC member Koellermeyer responded that these are Tigard’s partners not LO’s. Ms. Heisler mentioned adding these and other partners or neighborhood groups to the stakeholder list.

- Mr. Koellermeyer stated that Tigard has come to respect the communications efforts of LO and is very happy with the key people on this project. If the effort put forward with LOIS is indicative, Tigard be well taken care of.

- Mr. Tierney mentioned that he would like an acronym similar to LOIS for the water project. LOTWP does not roll off the tongue.

- Ms. Heisler spoke of having a rough draft of the script for the first video to run by Tigard. This can be accomplished through memos and e-mails rather than meetings. The estimated timeline of the first video is a rough cut in the next month with the final cut done early in the new year. The goal is to have something ready for the web site when it goes public. A member asked if LOIS is peaking and starting to go down? The answer was the Lake Full phase is happening now. The next phase is Lake Down. For Lake Full, there were 60 meetings with small groups. For Lake Down, there will be a series of meetings, hopefully not that many. There will be a fair amount of community outreach.

Update on Water Rights Contested Case

- Legal counsels involved are in a process of discovery. LO has been responding to discovery requests. All parties have the documents that were requested and are starting to build a list of questions that might be asked during the hearing. The schedule is as follows:
  - The responses to discovery requests were completed at the end of October.
  - The end of November is the due date for motions for summary determinations.
  - By the end of December, responses and replies to motions for summary determinations.
  - Starting off the calendar year, rulings on the motions for summary determinations.
  - Toward the end of January, written direct testimony and exhibits.
  - Rebuttal testimony will be in February.
  - The hearing will be in early March.

- Tigard councilors have an agenda item. We have used the initial allotment of contract authority.
  - Tigard asked to be kept in the loop.
  - The attorney briefed LO and a summary document was requested. When that document is received, Ms. Buehner would like a copy of it.
  - The attorney that is handling the Contested Case Proceedings as the ALJ is leaving next year for a sabbatical to take on a position at U of O Law School.

Future Agenda Items/Meeting Date

If LO council accepts the recommendation to award the contract to Brown and Caldwell, LO would then move forward and get them under contract. Joint city council will meet in January, and we should give them a 6-month forecast of what we think they can expect in terms of potential decision points. Also, what will the next year look like. The consultants have the same urgency that there is a lot of work to accomplish in 6 years. LO will keep Tigard informed. Mr. Koellermeyer and Mr. Komarek will discuss how frequently meetings should take place for the last two quarters of the fiscal year. The IGA says not less than quarterly. If deemed necessary, meetings can occur more often.
Mr. Tierney asked if Mr. Komarek would characterize that the current efforts are assuming a decision on the water rights contested case that are completely in our favor or is there some hedging of bets. Mr. Komarek responded that we are assuming the outcome will be favorable enough that it still makes financial sense for the parties to go forward.

The above meeting summary is derived from an audio transcription. Every attempt has been made to be as accurate as possible. Please contact me with regard to any errors or inaccuracies.

Next meeting date: Monday, February 8, 2010

Attachments: None

Approved: February 8, 2010