



General Manager

Kevin Hanway
150 E. Main Street
Hillsboro, OR 97123
503-615-6585

Board of Commissioners

City of Hillsboro

John Godsey
John Rosenberger
David Judah

City of Forest Grove

Rod Fuiten
Carl Heisler
Victoria Lowe

City of Beaverton

Denny Doyle
Marc San Soucie
Mark Fagin

Tualatin Valley Water District

Dick Schmidt
Jim Doane
Mark Knudson

HILLSBORO/FOREST GROVE/BEAVERTON/
TUALATIN VALLEY WATER DISTRICT
JOINT WATER COMMISSION (JWC)
PRELIMINARY AGENDA

TVWD

Boardroom
1850 SW 170th Ave.

July 10, 2015
12:30 p.m.
Regular Meeting

Assistive Listening Devices (ALD) and sign language interpreters are available, at no cost, and can be scheduled for this meeting. Please provide at least 72 hours notice prior to the meeting. To obtain these services, call (503) 681-6100 or TTY (503) 681-6284.

ALL TESTIMONY IS ELECTRONICALLY RECORDED.

The Commission lunches at 12:00 p.m.

CALL TO ORDER

Introductions.

1. **CONSENT AGENDA** (The entire Consent Agenda is normally considered in a single motion. Any Commissioner may request that an item be removed for separate consideration.)
 - A. Approve regular meeting minutes from Friday, April 10, 2015.
 - B. Approve Executive Committee meeting minutes from Thursday, June 18, 2015.
 - C. Approve award of contract for JWC Laboratory Services. *Staff Report – Jessica Dorsey*
 - D. Approve award of contract for JWC Chemical Contract. *Staff Report – Sophia Hobet*
 - E. Approve allocation of wholesale rate revenue. *Staff Report – Mellisa Franklin*

2. **COMMUNICATIONS AND NON-AGENDA ITEMS**
 - A. Chuck Kingston Retirement.



3. UNFINISHED BUSINESS

- A. None scheduled.

4. NEW BUSINESS

- A. Consider adoption of Managing Agency Purchasing Rules. *Staff Report – Kevin Hanway*
- B. Consider issuing notice of intent to expand Water Treatment Plant. *Staff Report – Kevin Hanway*
- C. Consider authorizing Executive Committee to meet and authorize leases of treatment plant and storage capacity. *Staff Report – Kevin Hanway*

5. DISCUSSION ITEMS (These items may result in action by the Commission.)

- A. Stored Water Status and outlook. *Staff Report – Niki Iverson*
- B. Project Updates.
 - 1. Standby Power Project. *Staff Report – Erika Murphy*
- C. General Manager's Report. *Staff Report – Kevin Hanway*

6. ADVICE/INFORMATION ITEMS

- A. The next JWC and BRJOC meetings are scheduled on Friday, October 10, 2015 at the Civic Center in Room 113B. The BRJOC meeting will be held at 12:30 p.m. with the JWC meeting following.

HILLSBORO/FOREST GROVE/BEAVERTON
TUALATIN VALLEY WATER DISTRICT
JOINT WATER COMMISSION (JWC)

MINUTES

City of Hillsboro
Civic Center Room 113B
150 East Main St.

April 10, 2015
12:30 p.m.
Regular Meeting

Commissioners Present:

Hillsboro: John Godsey, John Rosenberger and Dave Judah
Forest Grove: Victoria Lowe and Rod Fuiten
Beaverton: Marc San Soucie and Denny Doyle
Tualatin Valley Water District: Jim Doane, Dick Schmidt and Mark Knudson

Staff Present:

Hillsboro: Kevin Hanway, Rob Dixon, Kevin Hanway, Chris Wilson, Tacy Steele, Kristel Fesler, Nesh Mucibabic, Sophia Hobet, Erika Murphy, Mellisa Franklin, Michelle Wareing and Tonya Bilderbeck
Beaverton: David Winship
Forest Grove: Derek Robbins, Tom Gamble and Brian Dixon
TVWD: Dave Kraska

Others Present:

Clark Balfour – Attorney
Jude Grounds – Carollo Engineers

The Commission lunches at 12:00 p.m. Call to order at 12:47 p.m.

CALL TO ORDER

Introductions.

1. **CONSENT AGENDA** (The entire Consent Agenda is normally considered in a single motion. Any Commissioner may request that an item be removed for separate consideration.)
 - A. Approve regular meeting minutes from Friday, January 9, 2015.
 - B. Approve Executive Committee minutes from February 19, 2015.

Motion by San Soucie, seconded by Knudson, to approve the Consent Agenda as presented. Motion carried unanimously with Commissioners Godsey, Rosenberger, Judah, Fuiten, Lowe, San Soucie, Doyle, Doane, Schmidt and Knudson all voting in favor.

2. **COMMUNICATIONS AND NON-AGENDA ITEMS**

- A. None scheduled.

3. UNFINISHED BUSINESS

A. None scheduled.

4. NEW BUSINESS

A. Consider Approval of the Proposed 2015-16 Budget. *Staff Report – Mellisa Franklin*

Hanway prefaced the budget review with the notification that if the CIP is approved there will be progressively steeper increases in expenditures and capital investments.

Franklin reviewed revenues for projected year end (PYE) stating water sales shows a decrease of \$188,240. This number could change depending on final invoicing. Contributions in Aid is showing a decrease of \$4.687 million. She stated miscellaneous revenue is projected at \$513,694, due to the receipt of \$500,000 from PGE for the Stand-by Power grant. Budgeted contingency is \$500,000, however the expected expenditure is \$0.

Franklin reviewed expenditures for PYE stating personnel services are under budget by \$25,355 which is primarily due to actual hours worked by JWC staff, versus allocations. Materials & Services is approximately \$25,000 less than budgeted. Non-project capital outlay budget will be fully expended due to the purchase of the trailer, vehicle and Wonderware program updates. Franklin stated special payments are lower than budgeted due to the savings received with an insurance coverage review. Capital outlay is \$4.175 million under budget due to three projects rolling forward to the next FY. She stated contingency is currently showing \$0, and is not expected to be utilized.

Franklin then reviewed the proposed FY 2015-2016 budget stating personnel services shows an increase of \$180,000 which includes an adjustment of the new staff allocations, increase for possible cost of living adjustments, medical/dental mid-year increase and the full year of the class comp study. She stated materials and services increased by \$180,000 to cover any increase in utilities and chemicals. Special payments decreased due to the realization of savings in insurance costs. Franklin stated \$500,000 is budgeted for contingency.

Franklin reviewed the Capital Outlay projects which includes seven projects, three of which will be rolled forward from this FY, with a total cost of \$3.8 million and \$2 million budgeted for Emergency Equipment Repair.

Franklin reviewed proposed revenues for FY 2015-16 stating water sales shows an increase of \$299,877, a decrease of \$3,8298,850 in contributions in aid, \$862,850 in miscellaneous and a budget of \$500,000 for contingency. She then reviewed unit cost of service stating approximately .42 cents per unit was budgeted in FY 2014-15, however the actual average cost was .39 cents per unit. The proposed FY 2016 will be .44 cents per unit.

Motion by Doyle, seconded by Lowe, to approve the proposed FY 15/16 budget, subject to final modifications not to exceed 5% of Personnel Service and Special Payments costs as determined by the City of Hillsboro; and approve to allocate wholesale customer revenue among the partners based on Water Treatment Plant percentage ownership shares as presented. Motion carried

unanimously with Commissioners Godsey, Rosenberger, Judah, Fuiten, Lowe, San Soucie, Doyle, Doane, Schmidt and Knudson all voting in favor.

San Soucie stated that the project costs in Agenda Item 4B does not match the numbers reported in the proposed budget, and asked how they relate.

Franklin and Wareing reviewed the numbers and advised that there was an error in transferring the project costs to the proposed budget.

San Soucie proposed the Capital Projects budget line Item 3 be amended from \$250,000 to \$375,000.

Motion by Knudson, seconded by San Soucie to amend the Capital Projects budget line item 3 from \$250,000 to \$375,000. Motion carried unanimously with Commissioners Godsey, Rosenberger, Judah, Fuiten, Lowe, San Soucie, Doyle, Doane, Schmidt and Knudson all voting in favor.

- B. Consider award of the construction contract for replacement of FW Pump 3 and replacement of motor for FW Pump 5. *Staff Report – Nesh Mucibabic*

Mucibabic stated there is an existing 30 year old pump station at the Water Treatment Plant, due to its age and vibrations, staff started a started pump assessment program 2012-13. As a result of the assessment program 2 pumps have been removed, and pump stations 4 & 5 were replaced in 2014. Staff is proposing to replace pump 3 and the motor in pump 5. Cascade Waterworks was low bidder, with a project completion date expected in six months.

Motion by San Soucie, seconded by Fuiten to award the construction contract to Cascade Waterworks for the replacement of Finished Water Pump #3 and replacement of motor for Finished Water Pump #5, for a contract price of \$336,431 subject to expiration of the protest period on April 1, 2015, without a protest; and authorize the General Manager to sign the contract, as presented. Motion carried unanimously with Commissioners Godsey, Rosenberger, Judah, Fuiten, Lowe, San Soucie, Doyle, Doane, Schmidt and Knudson all voting in favor.

- C. Consider adoption of Resolution #124-J approving Proposed Capital Improvement Program (CIP) and Seismic Risk Mitigation Program. *Staff Report – Kevin Hanway and David Kraska*

Hanway said staff and the commission has discussed developing a CIP program for several years, saying the important reasons for having a CIP in place, is the function of the JWC's ability to maintain a reliable water system and the need to plan for emergency situations.

Carollo Engineers completed their CIP report, which was approved by all JWC staff and partner agencies. The CIP report identifies a need for a 10 mgd expansion, with a recommendation to begin the expansion next year. It addresses seismic risks identified by deferring those structure replacements until 2026. Deferring the replacement does pose a risk, if a major subduction zone earthquake happens, leaving the water treatment plant out of commission. The report documents the justifications for deferring the construction of replacement facilities necessary to address seismic risks until after 2026.

Kraska reviewed a presentation on the CIP and Seismic Risk Mitigation report.

San Soucie proposed to add “subject to future modifications as needed” in Section I of the resolution.

Motion by Doyle, seconded by Lowe, to approve Resolution 124-J approving proposed Capital Improvement Program and Seismic Risk Mitigation Program, adding “subject to future modifications as needed” in Section I. Motion carried unanimously with Commissioners Godsey, Rosenberger, Judah, Fuiten, Lowe, San Soucie, Doyle, Doane, Schmidt and Knudson all voting in favor.

- D. Consider authorizing the Executive Committee to meet to approve a wholesale water purchase agreement with the City of Tigard. *Staff Report – Kevin Hanway*

Hanway reported Tigard approached staff regarding purchasing wholesale water, staff understood that Tigard would not need water until 2016, however, when negotiations started it became clear they would need water beginning in July 2015. He said the agreement is not ready, however, staff requests the commission authorize the Executive Committee to meet and review the agreement. He said the Tigard is requesting a maximum of 1-2 mgd in peak season only.

Motion by Doane, seconded by Lowe, to authorize the Executive Committee to meet and to consider approval of a wholesale water sale agreement between JWC and the City of Tigard, as presented. Motion carried unanimously with Commissioners Godsey, Rosenberger, Judah, Fuiten, Lowe, San Soucie, Doyle, Doane, Schmidt and Knudson all voting in favor.

5. **DISCUSSION ITEMS** (These items may result in action by the Commission.)

- A. Stored Water Status. *Staff Report – Kristel Fesler*

Fesler reviewed the stored water status. She stated the red line is the rule curve from the Bureau, and said it is slowly tracking with the fill curve.

- B. Project Updates. *Staff Report – Erika Murphy*

Murphy reported the Back-Up Power Facility Project has started. She said erosion control measures are in place. Murphy reviewed the construction schedule and said Washington County permitting delayed the construction start date by two months. The new completion date is late January 2016; the delay will not affect DSG agreement funds, or plant operations. She said there are forthcoming change orders, which will be presented at the July meeting.

- C. General Manager’s Report. *Staff Report – Kevin Hanway*

Hanway reviewed items including:

- Cartegraph Award
- OSHA – The treatment plant was inspected in February and March and staff was complimented on a fine safety program however; OSHA cited the plant on two documentation violations equating to a \$700 fine.
- AWWA Excellence in Safety award.

- Plant shutdown on March 18 for chlorinator maintenance
- Wapato increased daily chemical costs by approximately \$650 a day
- Website update
- Source water protection grants
- Clean up of Hutchinson property

6. ADVICE/INFORMATION ITEMS

- A. The next JWC and BRJOC meetings are scheduled on Friday, July 10, 2015 at the Civic Center in Room 113B. The BRJOC meeting will be held at 12:30 p.m. with the JWC meeting following.

There being no further business to come before the Commission, the meeting adjourned at 2:14 p.m.

Chairman _____
Hillsboro/Forest Grove/ Beaverton/
TVWD Joint Water Commission

ATTEST: _____
Secretary

HILLSBORO/FOREST GROVE/BEAVERTON
TUALATIN VALLEY WATER DISTRICT
JOINT WATER COMMISSION (JWC)

EXECUTIVE COMMITTEE
MINUTES

City of Hillsboro
Civic Center
Conference Call

June 18, 2015
10:30 a.m.
Special Meeting

Commissioners Present:

Hillsboro: John Godsey
Forest Grove: Victoria Lowe
Beaverton: Denny Doyle
Tualatin Valley Water District: Jim Doane

Others Present: Kevin Hanway, Mark Knudson, David Winship and Maria Sandoval

Call to order at 10:40 a.m.

CALL TO ORDER

1. NEW BUSINESS

- A. Consider approval of Water Supply Agreement with City of Tigard. *Staff Report – Kevin Hanway*

Hanway said the Joint Water Commission authorized the Executive Committee to meet and consider approval of a water supply agreement with the City of Tigard.

Godsey asked with the current weather if an amendment would need to be made to extend the agreement past peak season. Lowe suggested to extend the agreement through December 31, 2015.

Under the proposed agreement Tigard is limited to a maximum of 2 MGD. A minimum flow will be delivered to Tigard to assure that compliance with water quality standards is maintained at all times. The agreement sets that flow at 334 ccf per day (250,000 gallons per day); it may be possible to modify the metered connection so that a lower volume flow could be detected by the meter.

The JWC partners are not at risk of needing to curtail their usage to satisfy Tigard demands. Stored water supplies are adequate this year to meet both Tigard's demands under this agreement and the demands of the three participating partners.

Motion by Lowe, seconded by Doyle, to approve the Water Supply Agreement with City of Tigard, and authorize the General Manager to extend the agreement through December 31, 2015 as

needed. Motion carried unanimously with Commissioners Godsey, Lowe, Doane and Doyle all voting in favor.

Chairman _____
Hillsboro/Forest Grove/ Beaverton/
TVWD Joint Water Commission

ATTEST: _____
Secretary



STAFF REPORT

To: Joint Water Commission

From: Jessica Dorsey, Water Program Coordinator

Date: June 30, 2015

Subject: Agenda Item 1C - Recommendation for Award of Laboratory Analysis Services Contract

Staff Recommendation:

Approve the contract with Edge Analytical for Laboratory Analysis Services and authorize the General Manager to sign.

Cost:

\$37,962.00

The initial contract will be for 23 months with the ability to extend for up to three more years. The contract will include a not-to-exceed (NTE) amount of \$190,000 based on the estimated cost of services for a full five-year contract.

Budget:

\$150,000 Analysis and Lab Services (Budget Source: Materials and Services). Of that amount, \$52,000 is budgeted for laboratory services under this contract. (Note: other lab services budgeted in Analysis and Lab Services but not covered by this contract include specialty analysis such as Taste and Odor analysis or Source Water Protection.)

Attachments:

None

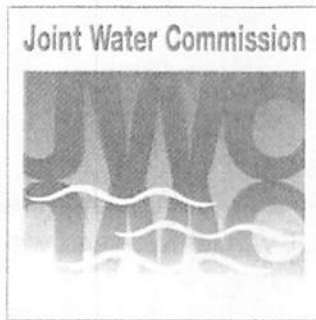
Background:

The current JWC contract with Edge Analytical expires July 31, 2015. JWC staff has completed the Request for Proposal process to award a new contract for Laboratory Analysis Services. Four proposals were received and reviewed by a technical advisory committee (TAC) consisting of a representative of each partner agency and the Joint Water Commission Treatment Plant.

Analytical costs for each contract were reviewed with emphasis given to the proposed pricing for JWC services. Prices for other important services including courier and data delivery formats were also included in the total price comparison. The Lab Services TAC recommends the selection of Edge Analytical for the Laboratory Analysis Services contract based on the staff proposal ranking, and on the proposed price as illustrated below.

Table 1. Lab proposal pricing comparison (estimated 1 year of services).

	Eurofins-Eaton Analytical	Edge Analytical	ALS Global	Alexin Analytical
JWC Analysis	\$41,412.00	\$37,962.00	\$40,803.00	\$31,714.00
Courier/Mileage	\$0	\$0	Not calculated	\$7,723.25 est.
Total JWC Cost	\$41,412	\$37,962	\$40,803	\$39,437



STAFF REPORT

To: Joint Water Commission

From: Sophia Hobet, Water Treatment and Distribution Manager

Date: June 30, 2015

Re: Agenda Item 1D – Consider Award of Contract for Treatment Chemicals

Staff Recommendation

Award the treatment chemical contract for sodium hydroxide to Univar USA, subject to expiration of the protest period on June 30, 2015, without a protest.

Cost:

\$275,262.50

Budget:

1. Budget amount: \$360,000 (includes sodium hydroxide and liquid chlorine)
2. Budget source: Materials and Services

Attachments:

None

Background:

Staff issued an Invitation to Bid (ITB) for the supply of water treatment chemicals to the Joint Water Commission WTP on June 4, 2015. The proposed contract term listed in the ITB was for two-years with the option to renew for up to three years at the sole discretion of the JWC.

On June 18, 2015, staff received one bid for liquid chlorine and four bids for sodium hydroxide. All bids were deemed to be responsive and responsible.

JCI Jones Chemicals and Univar USA were the apparent low bidders for liquid chlorine and sodium hydroxide, respectively, based on the estimated annual quantities of chemicals provided in the ITB.

The Notice of Intent to Award was issued to these two suppliers on June 23, 2015 with the protest of award period ending 2:00 PM June 30, 2015. Bid results are shown below.

Number	Bidder	Liquid Chlorine	Sodium Hydroxide
1	Univar USA	No bid	\$275,262.50
2	JCI Jones	\$81,250	\$303,750.00
3	Cascade Columbia	No bid	\$309,806.25
4	Northstar Chemical	No bid	\$287,500.00

The contract value for liquid chlorine is within the signature authority of the JWC General Manager to execute the contract.

Staff recommends the Sodium Hydroxide contract be awarded to Univar USA, for an annual contract amount of \$275,262.50. The Operations Committee confirmed that recommendation at their meeting on June 25, 2015.



STAFF REPORT

To: Joint Water Commission

From: Mellisa Franklin, Management Analyst
Kevin Hanway, General Manager

Date: June 29, 2015

Re: Agenda Item 1E – Wholesale Rate Revenue Allocation

Staff Recommendation:

Approve allocation of wholesale customer revenue among the partners based on Water Treatment Plant percentage ownership shares.

Cost:

There are no costs associated with this recommendation.

Budget:

Wholesale Customer Water Purchases Revenue in total are budgeted at \$115,000.

Attachments:

None

Background:

Article IX of the JWC IGA requires Commission approval for any changes in the method for allocating wholesale rate revenue. A proposed change was included in the budget approved by the Commission April. However, approval of the allocation change was not specifically addressed in the motion to approve the budget. This item is brought back before the Commission to secure that specific approval.

Under the previous allocation formula, revenue from sales to the wholesale customers has been allocated among the partners based on their shares of the 12-month rolling average of treatment plant production. For the most recent period the allocation was Hillsboro: 51.39%; Forest Grove: 5.94%; Beaverton: 19.28%; TVWD: 23.39%. However, that allocation varies from month to month as partner demands change, and does not bear any relationship to the costs and investments associated with producing water for North Plains and Westside Lutheran.

The Operations Committee (including Finance representatives) recommends that, beginning July 1, 2015, allocations of wholesale rate revenue be based on partner ownership shares in the treatment plant. This will match the revenue allocation to the investment in asset capacity necessary to produce the water, and would be consistent from period to period. Under this approach the allocation in FY 16 would be: Hillsboro 45%; Forest Grove: 13.33%; Beaverton: 25%; TVWD 16.67%.



STAFF REPORT

To: Joint Water Commission

From: Kevin Hanway, General Manager

Date: June 30, 2015

Re: Agenda Item 4A – Consider adoption of Managing Agency Purchasing Rules

Staff Recommendation:

Adopt Resolution 125-J.

Cost:

None

Budget:

Not Applicable

Attachments:

1. Resolution 125-J.

Background

Like all municipal bodies, the Joint Water Commission operates within state laws on public contracting. The JWC IGA (section 3.7) includes two provisions relating to the Commission's contacting authority. It allows the Managing Agency (1) to approve contracts subject to the purchasing rules of the Managing Agency, unless the Commission adopts its own rules, and (2) authorizes the General Manager to approve change orders not exceeding ten percent (10%) in aggregate of the original contract amount.

Under previous resolutions the Commission has appointed itself as the Local Contract Review Board (Resolution 115-J), and has adopted the City of Hillsboro procurement rules as its own rules (Resolution 119-J). Resolution 119-J also adopts subsequent amendments to the Hillsboro rules.

Allowing the Managing Agency to operate under Hillsboro procurement rules produces significant benefits for both the Managing Agency staff and for the Commission. Operating under a single set of rules avoids the potential for confusion and error that would occur if the Commission independently developed different rules. Following the Hillsboro rules also allows the Commission to rely on the experience and expertise of the staff in Hillsboro's procurement division. If the Commission were to adopt its own rules, the General Manager would have to develop independent expertise on procurement requirements, and BRJOC expenses for legal services would increase due to the need for obtaining independent opinions on interpretation or application of the Commission's procurement rules.

The City of Hillsboro recently adopted a comprehensive rewrite and update of its procurement rules, which took effect on January 6, 2015. These updated rules already apply to JWC pursuant to Resolution 119-J. However, because the revisions were so extensive and included significant increases in the General Manager's contracting authority, the General Manager and JWC legal counsel believe it would be best practice for the Commission to formally adopt the new rules.

JWC legal counsel has reviewed the new Hillsboro rules and concurs that they reflect good practices and are consistent with Oregon statutes. The most significant change to the rules is to increase the contract authority for the General Manager.

- **Signature Authority:** Under the previous rules, the Managing Agency, acting through either the General Manager or the Hillsboro City Manager, was granted signature authority for contracts for budgeted items up to \$150,000. Under the newly adopted rules, that signature authority has been increased to \$350,000. For contract amounts over \$350,000, Commission action is required.
- **Change Orders:** The proposed resolution adopts the newly-updated Hillsboro procurement rules and any future amendments that are subsequently adopted by the City of Hillsboro. Adoption of the new rules is done expressly subject to limitations of the JWC IGA, which authorizes the General Manager to approve change orders up to 10% of the original contract value, with no dollar limit. That provision will prevail over the provision of the new Hillsboro rules, which would otherwise have required Commission approval for any change order to a contract with an original amount over \$350,000 or that would increase the cumulative contract amount to over \$350,000.

**JOINT WATER COMMISSION
LOCAL CONTRACT REVIEW BOARD
RESOLUTION #125- J**

**A RESOLUTION AMENDING LOCAL CONTRACT REVIEW
BOARD RULES; DECLARING EFFECTIVE DATE; AND
OTHER MATTERS RELATING THERETO**

WHEREAS, the Joint Water Commission, as defined in Article 3.1 of the Water Services Agreement dated April 9, 2004, is an entity organized under Oregon Revised Statutes, Chapter 190. Its members are the Cities of Hillsboro, Beaverton, and Forest Grove, and the Tualatin Valley Water District; and

WHEREAS, the Joint Water Commission previously appointed the governing body of the Joint Water Commission as the Local Contract Review Board (Board) as authorized by ORS 279A.060; and

WHEREAS, the Board finds that it is beneficial to the Commission and to the Managing Agency for the Managing Agency to rely on its procurement staff and that the Rules of the Joint Water Commission should match the Managing Agency's rules and practices to the greatest extent possible to provide for ease of administration; and

WHEREAS, by Resolution #119-J adopted April 9, 2010, the Board adopted the City of Hillsboro procurement rules and procurement rule amendments that may be subsequently adopted by the City of Hillsboro (City Rules) until such time as the Joint Water Commission Rules can be formally amended by Commission action, considering the Commission's less frequent meeting schedule; and

WHEREAS, the City of Hillsboro recently adopted updated and comprehensive City Rules on January 6, 2015 that account for changes in Oregon law since 2010, provide for more efficient contracting processes and authorizations and repealed previous City Rules; and

WHEREAS, the Board has determined that this Resolution #125-J should be adopted to reference and acknowledge the most recent City Rules and that the City Rules shall be the Board Rules of the Joint Water Commission, and as may be amended, and being fully advised,

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NOW, THEREFORE, THE JOINT WATER COMMISSION HEREBY RESOLVES:

Section 1: Subject to the limitations of Section 3.7 of the Water Services Agreement, the Board hereby amends the Local Contract Review Board Rules to incorporate by reference the Rules of the City of Hillsboro adopted January 6, 2015 and any applicable amendments adopted by the City of Hillsboro to its procurement rules so that the Managing Agency can follow its procurement procedures without conflict.

Section 2: Subject to the limitations of Section 3.7 of the Water Services Agreement, the Board hereby adopts future amendments adopted by the City of Hillsboro as of the date of City of Hillsboro adoption.

Section 3: The effective date of this Resolution is July 10, 2015.

INTRODUCED AND ADOPTED THIS 10th day of July, 2015.

**JOINT WATER COMMISSION
acting as the Local Contract Review Board**

**By: _____
John Godsey, Chair**

ATTEST:

**By: _____
Kevin Hanway, General Manager**



STAFF REPORT

To: Joint Water Commission

From: Kevin Hanway, General Manager

Date: July 1, 2015

Subject: Agenda Item 4B: Consider issuing notice of intent to expand Water Treatment Plant

Staff Recommendation:

Direct the General Manager, pursuant to Section 6.3 of the JWC Water Service Agreement, to issue a notice of intent to expand the Water Treatment Plant from 75 mgd to 85 mgd peak capacity, and require responses by October 8, 2015.

Cost:

Estimated cost \$20,000,000 (design and construction)

Budget:

1. FY 2015-16: \$400,000 (current budget addresses first year expense for multi-year \$3,000,000 preliminary design and facility plan project)
2. Budget source: Capital Outlay

Attachments:

1. Notice of intent to expand water treatment plant facilities

Background:

The Commission recently adopted the JWC Capital Improvement Program (CIP) Update, which includes planning for design and construction of a 10 mgd expansion of the water treatment plant by 2020. The CIP Update evaluated the partners' demand projections and determined that by approximately 2022 their combined demands are expected to exceed 75 mgd (the rated peak production capacity of the existing water treatment plant facilities). The 10 mgd expansion would increase peak production capacity to 85 mgd. Based on projections for partner demands on the JWC WTP, that increased capacity should be sufficient to meet partner demands through approximately 2045.

Work is scheduled to begin in FY 2015-16 on the preliminary design and facilities plan for that expansion. The adopted FY 2015-16 budget includes funding for the first year of that project. Total estimated cost for the preliminary design and facilities plan is \$3,000,000. The preliminary estimate for design and construction cost for the 10 mgd is \$17,000,000, for a total cost of \$20,000,000. [Note: This expansion project will be designed and built jointly with the seismic improvements and upgrade of the existing WTP capacity. All JWC partners will participate in those projects. The preliminary total estimate for design and construction of the combined projects is \$30,000,000.

The CIP was adopted on the basis of indications of interest by TVWD and Hillsboro that they are interested in participating in an expansion. To formally initiate the expansion project, the JWC intergovernmental agreement (IGA) requires a notice and offer to participate from the Commission to all of the partners. Partners have up to 90 days to accept the offer if they wish to participate in the expansion project.

The proposed notice is attached to this report, and is ready to be delivered to the partners immediately after the July Commission meeting. With that timing, responses from the partners must have been received prior to the Commission's next meeting in October.



July 10, 2015

To: JWC Management Committee
From: Kevin Hanway, General Manager
Re: Notice of intent to expand water treatment plant

General Manager

Kevin Hanway
150 E. Main Street
Hillsboro, OR 97123
503-615-6585

Board of Commissioners

City of Hillsboro

John Godsey
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City of Beaverton

Denny Doyle
Marc San Soucie
Mark Fagin

Tualatin Valley Water District

Dick Schmidt
Marilyn McWilliams
Mark Knudson

Pursuant to Section 6.3 of the JWC Water Service Agreement, the Commission has directed me to notify the partners of its intent to expand the JWC water treatment plant (WTP) facilities. This notice is being delivered to each partner by hand delivery and by email.

The WTP expansion plan will increase the peak production capacity of the plant by 10 mgd, from 75 mgd to 85 mgd, and includes the following elements:

1. Preliminary design and facilities plan
 - a. Schedule: Award contract January 2016
 - b. Preliminary cost estimate: \$3,000,000 (includes costs related to WTP upgrade; allocations between upgrade and expansion yet to be determined)
2. Design and Construction
 - a. Schedule: complete before peak season 2020
 - b. Preliminary cost estimate: \$17,000,000

Under the timelines established in Section 6.3, any partner that wishes to participate in the WTP expansion must respond in writing to the General Manager by October 8, 2015. The response must include the partner's desired percentage share in the expansion capacity. (Example: 1 mgd = 10% of this 10 mgd WTP expansion). A partner that does not provide a written response by the deadline is presumed to have rejected the offer to participate.

Note: Water Treatment Plant Upgrade

In addition to the 10 mgd expansion that is the subject of this notice, the Commission also is preparing to design and build upgrades to the existing water treatment plant facilities that will (1) allow the treatment plant to reliably achieve the current 75 mgd peak production capacity rating, and (2) improve seismic resilience. Design and construction of those improvements will be performed simultaneously with the expansion project. All partners have agreed to participate in the upgrade project. Costs for the upgrade and expansion projects will be accounted for to assure that costs associated only with the expansion are not allocated to the partners participating only in the treatment plant upgrade portion of the project.



STAFF REPORT

To: Joint Water Commission

From: Kevin Hanway, General Manager

Date: June 30, 2015

Re: Agenda Item 4C – Consider authorizing Executive Committee to meet and authorize leases of treatment plant and storage capacity

Staff Recommendation:

Authorize the Executive Committee to meet for consideration and potential approval of leases for water treatment plant capacity and stored water capacity.

Cost:

There would be no cost to JWC. The lease amounts cannot be established until the capacity to be leased has been determined. The formulas for establishing asset lease values are established in the JWC IGA.

Budget:

The approved FY 2015-16 JWC budget did not include any leasing activity. The budget would have to be amended to recognize and account for the revenue and expenditures from any leases that are approved.

Attachments:

None

Background

All JWC partners are experiencing water demands that are significantly higher than were anticipated this early in the peak season. This is due primarily to two factors:

- Regulation of natural flow water rights occurred on May 8, shifting reliance to releases of stored water approximately one month earlier than occurs most years.
- High temperatures and lack of precipitation during the month of June have resulted in demands that higher than normal for June.

Both Barney Reservoir and Hagg Lake started the release season at full or nearly full elevation. Based on their experience with similar stored water availability in previous years, none of the partners anticipated the need for leasing additional capacity. TVWD and Hillsboro are now both evaluating the potential need for access to additional treatment plant and stored water capacity during this peak season.

Under the JWC IGA, approval of leases requires Commission action. (Section 7.3) It may not be possible before the July 10 Commission meeting for TVWD and Hillsboro to complete their evaluations, or for the other partners (Forest Grove and Beaverton) to determine how much, if any, excess capacity they wish to make available for lease.

By authorizing the Executive Committee to meet, the Commission would preserve the opportunity for partners to seek approval of leases for the current year. Any leases that would be approved would be treated as full-year leases, using the standard lease valuation formulas and extending through February 2016, as established in the IGA leasing provisions.



STAFF REPORT

To: Joint Water Commission

From: Erika Murphy, Project Manager

Date: June 30, 2015

Re: Agenda Item 5B1 – JWC WTP Backup Power Facility Project Update

Construction is ongoing at the Backup Power Facility. Electrical conduits are being installed and concrete is being poured for the floor slab and wall sections. The contractor is currently on schedule to have the generators functional and ready for PGE start up by December 7, 2015.

Two change orders have been issued for the Contractor. Change Order #1 addresses the accelerated schedule that was requested by PGE. PGE has agreed to pay up to \$200,000 in overtime and related costs for 2KG to accelerate their schedule throughout the summer and have the generators commissioned and ready to hand over to PGE for start-up as of December 7, 2015. JWC has executed contracts with both PGE and 2KG to document the schedule change while keeping all associated cost and risk on PGE. The PGE agreement was signed on June 25 and the contract with 2KG was signed on June 26.

Change Order #2 addresses construction changes that have arisen during the first four months of construction. A summary of change order costs and brief explanations are included below. The Management Committee and Operations Committee have been advised of this change order.

The revised project cost (\$5,949,495 excluding the cost of schedule acceleration, for which PGE is fully responsible) remains within the project budget, and is also \$102,699 below the next higher bid that had been submitted for the construction contract.

Carollo Engineers has also submitted requests for change orders in the amount of \$54,989, for additional work needed due to JWC delays on the permitting process, and to redesign for relocation of the fuel tank. In an effort to regulate further change orders and increased costs, JWC met with the Carollo team to brainstorm ideas to finish the project on the remaining budget. JWC is also working with Carollo on an agreement to hold any further design contract amendments until project completion.

2KG CHANGE ORDER SUMMARY

Original Contract Amount:	\$ 5,710,194.00	(100%)
Change Order No. 1: Time & Materials <u>paid by PGE</u>	\$ 150,000.00	(2.6%)
Change Order No. 2:	\$ <u>239,301.00</u>	<u>(4.2%)</u>
REVISED CONTRACT AMOUNT:	\$ 6,099,495.00	(106.8%)

DATE OF SUBSTANTIAL COMPLETION	February 8, 2016
DATE OF FINAL COMPLETION	March 9, 2016

1	Fuel tank relocation (Design Clarification #1)	\$121,156	0 days
2	Fuel pipe trench details (PCO #002)	\$2,702	0 days
3	Temporary power during construction (PCO #003)	\$5,985	0 days
4	Door Hardware (PCO #006)	\$1,741	0 days
5	Termination cabinet rating (PCO #009)	\$2,198	0 days
6	Baffled Silencer (WCD #2)	\$105,519	0 days
7	Impacts to schedule due to permitting (Substantial completion and Final completion)	\$0	88 days

The two major cost portions of the change order came as a result of changes made after the contract was awarded to 2KG. The fuel tank relocation (Item 1) was a change directed by JWC after contract award. The baffled silencer (Item 6) resulted from a revision to the contract specifications made after the contract award.

The schedule impacts listed in Item 7 are a result of delays by Washington County in issuing building permits. Notice to Proceed was formally issued to 2KG on December 11, 2014. The contract schedule provides 335 days from Notice to Proceed to Substantial Completion and 365 days to achieve Final Completion. However, Washington County Building Permits were not issued until March 5, 2015 which delayed the beginning of the construction period. The construction period was modified to begin from the date of permit issuance, with a Substantial Completion date of February 8, 2016 and a Final Completion date of March 9, 2016.