

RESOLUTION NO. 1088

A RESOLUTION AUTHORIZING A TRANSFER FROM THE CONTINGENCY LINE ITEMS OF BOTH THE SEWER AND WATER OPERATING FUNDS TO THE RATE STUDY LINE ITEMS OF SAID FUNDS; EXEMPTING THE CITY FROM COMPETITIVE BIDDING REQUIREMENTS, AUTHORIZING THE CITY MANAGER TO SIGN A CONSULTING SERVICES AGREEMENT WITH CH₂M HILL FOR CONSULTING SERVICES FOR A SEWER AND WATER RATE AND SYSTEMS DEVELOPMENT CHARGE STUDY.

WHEREAS, the City Council has adopted Resolution No. CB-R-772-94 entitled *"A RESOLUTION AUTHORIZING AN INCREASE IN THE BUDGET FOR PRELIMINARY ENGINEERING FOR WASTEWATER TREATMENT PLANT EXPANSION, EXEMPTING THE CITY FROM COMPETITIVE BIDDING REQUIREMENTS, AUTHORIZING THE CITY MANAGER TO SIGN AN ENGINEERING SERVICES AGREEMENT WITH CH₂M HILL FOR ENGINEERING SERVICES FOR WASTEWATER TREATMENT PLANT EXPANSION AND AUTHORIZING THE CITY ENGINEER TO APPROVE TASK ORDER NO. 1 FOR PREPARATION OF A PRELIMINARY DESIGN REPORT"*, and awarded said contract to CH₂M Hill; and

WHEREAS, a task directly associated with and necessary for an expansion for the Wastewater Treatment Plant is a study of sewer and water rates and associated system development charges; and

WHEREAS, CH₂M Hill can provide the personal services for such a study and given the aforementioned award of contract in Resolution No. CB-R-772-94, and the recitals therein, which are incorporated by reference herein as if fully set forth, an award of this contract to CH₂M Hill for this study will not result in favoritism or substantially diminish competition in awarding the contract and will result in a substantial cost savings.

NOW, THEREFORE, THE CITY OF WILSONVILLE RESOLVES AS FOLLOWS:


1. That the City Council, serving in its role as Local Contract Review Board, does hereby exempt the award of contract for consulting services for the

preparation of a sewer and water rate and systems development charge study from competitive bidding requirements.

2. The City Council, serving as a Local Contract Review Board, does hereby approve and authorize the City Manager to sign a Consulting Services Agreement between the City of Wilsonville and CH₂M Hill to provide professional services recited above for a sewer and water rate and systems development charge study. A copy of the proposed agreement is attached as Exhibit "A" and incorporated as if fully set forth herein. Final contract document shall be approved by the City Attorney.
3. Authorize transfer of an amount not to exceed \$30,000 from the Sewer Operating Fund Contingency line item, 9210000, to the Rate Study line item, 6044300, and authorize transfer of an amount not to exceed \$30,000 from the Water Operating Fund Contingency line item 9210000, to the Rate Study line item, 6044300.
4. Authorize the expenditure of funds for this study from:

<u>Account No.</u>	<u>Budget Amount</u>	<u>Expenditure Amount</u>
3020-1-6044300	\$30,000	Not to Exceed \$30,000
3030-1-6044300	\$30,000	Not to Exceed \$30,000

ADOPTED by the City Council of the City of Wilsonville at a regular meeting thereof this 7th day of February, 1994 and filed with the Wilsonville City Recorder this date.



GERALD A. KRUMMEL, Mayor

ATTEST:



VERA A. ROJAS, CMC/AAE, City Recorder

SUMMARY of Votes:

Mayor Krummel	<u>AYE</u>
Councilor Van Eck	<u>ABSENT</u>
Councilor Benson	<u>AYE</u>
Councilor Hawkins	<u>AYE</u>
Councilor Lehan	<u>AYE</u>

**PROFESSIONAL SERVICES CONSULTING AGREEMENT
FOR WATER AND SEWER RATE AND
SDC STUDY SERVICES FOR
FOR THE CITY OF WILSONVILLE**

This AGREEMENT is made and entered into by and between CH2M HILL, INC., ("CONSULTANT" herein), and the CITY OF WILSONVILLE, a political subdivision of the State of Oregon ("CITY" herein).

ARTICLE 1. PURPOSE OF AGREEMENT

- 1.1 The purpose of this AGREEMENT shall be to set forth responsibilities and to clarify the relationship between the CITY and the CONSULTANT. CONSULTANT shall supply professional services as herein described. In consideration for said services, the CITY shall pay the CONSULTANT such monies and in such manner as herein described.

ARTICLE 2. WHOLE AGREEMENT

- 2.1 This AGREEMENT is the complete and exclusive statement of the AGREEMENT between the parties relevant to the purpose described above and supersedes all prior agreements or proposals, oral or written, and all other communication between the parties relating to the subject matter of this AGREEMENT. No modification of this AGREEMENT will be binding on either party except as a written addendum, signed by an authorized agent of each party.

ARTICLE 3. EFFECTIVE DATE OF AGREEMENT

- 3.1 This AGREEMENT shall be effective after signing by both parties and upon issuance of a written notice to proceed by the CITY.

ARTICLE 4. WRITTEN NOTICE

- 4.1 Any notice of change, termination or other communication having a material effect on this AGREEMENT shall be served in one or more of the following manners:
- a. In-person delivery to and signed acknowledgment of receipt by an authorized officer, employee, agent or other representative of the contracting parties.
 - b. Deposited in the U.S. mails posted to the address(es) given in this document.

ARTICLE 5. GOVERNING LAW/VENUE

- 5.1 This AGREEMENT shall be governed by the laws of the State of Oregon. Any action or suit commenced in connection with this AGREEMENT shall be in the Circuit Court of Clackamas County. The prevailing party shall be entitled to reasonable attorney fees and costs as awarded by the court.
- 5.2 All rights and remedies of the parties hereto shall be cumulative and may be exercised successively or concurrently. The foregoing is without limitation to or waiver of any other rights or remedies according to law. It is agreed that fifteen (15) calendar days shall constitute reasonable notice for the exercise of any right in the event that applicable law specifically required such notice.

ARTICLE 6. OREGON REVISED STATUTES

- 6.1 All requirements of the Oregon Revised Statutes Nos. 279.310 through 279.430, Public Contracting, as applicable, are incorporated herein by reference.

ARTICLE 7. JUDICIAL RULINGS

- 7.1 If any provision of this AGREEMENT as applied to either party or to any circumstance shall be adjudged by a court to be void or unenforceable, the same shall in no way affect any other provision of the AGREEMENT or the validity or enforceability of this AGREEMENT.

ARTICLE 8. NONDISCRIMINATION

- 8.1 No person shall be denied or subjected to discrimination in receipt of the benefits of any services or activities made possible by or resulting from this AGREEMENT on the grounds of sex, race, color, creed, marital status, age or national origin. Any violation of this provision shall be considered a material violation of this AGREEMENT and shall be grounds for cancellation, termination or suspension in whole or in part by the CITY.

ARTICLE 9. DUTIES AND RESPONSIBILITIES OF THE CONTRACTOR

- 9.1 The CONSULTANT shall perform services as described in Exhibit "A" (Scope of Work), attached hereto and by this reference made a part hereof.

ARTICLE 10. STANDARD OF SERVICES AND WARRANTY

- 10.1 The CONSULTANT agrees to perform its services with that standard of care, skill and diligence normally provided by a professional individual in the performance of similar services. It is understood that the CONSULTANT must perform the services based in part on information furnished by the CITY and that the CONSULTANT shall be entitled to rely on such information. However, the CONSULTANT is given notice that the CITY will be relying on the accuracy, competence and completeness of the CONSULTANT'S services in utilizing the results of such services. The CONSULTANT will redo any services not meeting this standard without additional compensation.

ARTICLE 11. INDEPENDENT AGENT

- 11.1 The CONSULTANT shall be an "independent agent". All persons employed to furnish services hereunder are employees of the CONSULTANT and not of the CITY. Further, the CITY shall not be liable for any of CONSULTANT'S acts for omissions performed under this or other agreements to which CONSULTANT is a party.

ARTICLE 12. INDEMNIFICATION AND INSURANCE

- 12.1 Reciprocal Indemnification:
- a. CONSULTANT agrees to indemnify and defend CITY from any loss, cost, or expense claimed by third parties for property damage and bodily injury, including death, caused solely by the negligence or willful misconduct of CONSULTANT, its employees, or agents in connection with the project.

- b. CITY agrees to indemnify and defend CONSULTANT from any loss, cost or expense claimed by third parties for property damage and bodily injury, including death, caused solely by the negligence or willful misconduct of CITY, its employees, or agents in connection with the projects.
 - c. If the negligence or willful misconduct of both the CONSULTANT and CITY (or a person identified above for whom each is liable) is a cause of such damage or injury, the loss, cost, or expense shall be shared between CONSULTANT and CITY in proportion to their relative degrees of negligence or willful misconduct and the right of indemnity shall apply for such proportion.
 - d. This indemnity agreement shall include any claim made against the CITY or CONSULTANT or their officials, agents, or employees by an employee of the other party even if such employer is thus or otherwise immune from liability pursuant to workers' compensation statutes.
 - e. The provisions contained in this paragraph have been mutually negotiated by the parties and it is the intent of the parties that the paragraph provide the broadest scope of indemnity permitted by Oregon law.
- 12.2 The CONSULTANT shall purchase and maintain insurance at its expense, and shall provide certification to the CITY of insurance in the types and amounts specified in Exhibit "B" (Insurance), attached hereto and by this reference made a part hereof.

ARTICLE 13. SUBCONTRACTING

- 13.1 No portion of the AGREEMENT may be subcontracted to any other individual, firm or entity, except as may be set forth in Attachment "A", without the express and prior approval of the CITY.

ARTICLE 14. NONASSIGNMENT

- 14.1 No portion of nor any interest in this AGREEMENT may be assigned to a third party, except as may be set forth in Attachment "A", without the express and prior approval of the CITY.

ARTICLE 15. FUNDING

- 15.1 In the event the City Council of the City of Wilsonville or other governing authority reduces, changes, eliminates, or otherwise modifies the funding for any of the projects identified herein, the CONSULTANT agrees to abide by any such decision including termination of service.

ARTICLE 16. CITY PRIORITIES

- 16.1 The CONSULTANT shall comply promptly with any requests by the CITY relating to the emphasis or relative emphasis to be placed on various aspects of the work or to such other matters pertaining to said work.

ARTICLE 17. PUBLICITY

- 17.1 CONSULTANT shall not use in its external advertising, marketing programs, or other promotional efforts, any data, pictures or other representations of the CITY except on prior specific written authorization from CITY.

ARTICLE 18. USE OF CITY FACILITIES

- 18.1 CONSULTANT and its employees or agents shall have the right to use only those facilities of the CITY that are necessary to perform services under this AGREEMENT and shall have no right of access to any other facilities of the CITY without the prior approval of the CITY.

ARTICLE 19. FEES AND PAYMENT

- 19.1 The CITY agrees to pay the CONSULTANT for services performed pursuant to this AGREEMENT according to the terms and amounts specified in Attachment "C" (Fees and Payment), attached hereto and by this reference made a part hereof. Said payment shall cover all costs associated with the performance of services as described in Attachment "A". The CITY shall have no liability for taxes, insurance or other expenses associated with the performance of CONSULTANT'S duties hereunder.

ARTICLE 20. TERMS OF PAYMENT

- 20.1 Payment to the CONSULTANT will be made as follows:
- a. Invoices and Time of Payment. Monthly invoices will be issued by CONSULTANT for all work performed under this AGREEMENT. Invoices are due and payable on receipt. Upon mutually agreed upon completion of services enumerated in Attachment A, the final payment of any balance will be due upon receipt of the final invoice. Invoices will be based on actual labor and expenses incurred during the period and will include a summary of all charges, current and past, along with a summary of previous payments made by the CITY.
 - b. Interest. Interest at the rate of 1 percent per month will be charged on all past due amounts beginning 45 days after the date of approval of payment of the invoice by the CITY, unless not permitted by law, in which case interest will be charged at the highest amount permitted by law. Payments will first be credited to interest and then to principal.

ARTICLE 21. CHANGES

- 20.1 The fee specified herein shall include all services specified herein. Any change in the frequency or type of services shall cause the fee to be adjusted plus or minus accordingly; provided, however, any fee increases will require written approval by the City of Wilsonville.

ARTICLE 22. OWNERSHIP OF WORK PRODUCT

- 22.1 All work products of the CONSULTANT which result from this AGREEMENT are the exclusive property of the CITY.

ARTICLE 23. TERMINATION OF AGREEMENT

- 23.1 This AGREEMENT may be terminated under the following conditions:
- a. By written mutual agreement of both parties. Termination under this provision may be immediate.

ATTACHMENT "A"

SCOPE OF WORK

WATER AND SEWER RATE AND SDC STUDY

Purpose

The purpose of the Water and Sewer Rate and System Development Charge Study is to develop water and sewer rates for the CITY by analyzing the cost of service to provide water and sewer service and allocating the costs to customer classes. In addition, water and sewer system development charges will be developed by analyzing current water and sewer system user equity and estimating the cost to develop new capacity.

Scope of CONSULTANT Services

The CONSULTANT will perform the following services:

A. Kickoff Meeting and Data Collection

Objective: Conduct a kickoff meeting to define objectives, establish schedule, and discuss overriding issues. Compile and review data regarding the CITY'S water and sewer systems and enterprise funds. Work tasks include:

1. Conduct kickoff meeting with CITY and CONSULTANT project managers and task leaders;
2. Provide water and sewer system data request lists to CITY;
3. Provide support to CITY up to 8 person-hours to compile data;
4. Review collected data for completeness and recommend alternative data sources, if needed.

B. Customer Characteristics Analysis

Objective: Develop water and sewer system customer characteristics. Work tasks include:

1. Develop water and sewer system customer characteristics. Sewer customer characteristics will include flow, strength of BOD, strength of TSS, and customer-related services. Water customer characteristics will include base, maximum day, and maximum hour demands, and customer-related services;
2. The CITY will provide growth forecasts to project customer and usage growth, including assumptions regarding the future mix of customers by class.

C. Estimate Revenue Requirements

Objective: Estimate the water and sewer system revenue requirements based on a cash basis for a 5-year period. Work tasks include:

1. Develop operation and maintenance cost projections for the 5-year period;
2. Estimate capital costs for the 5-year period. Capital costs will include, if applicable, annual debt service, capital improvements, and capital reserves;
3. Provide a technical memorandum reviewing the size of the general fund interfund transfer and its relation to costs based on experience in other communities and information provided by the CITY;
4. Develop a 5-year financial planning component in the rate and SDC models to estimate sources and uses of funds, provide estimated fund balances, and account for growth forecast by the CITY. Two financial planning scenarios will be developed for each model.

D. Allocate Costs to Customer Classes

Objective: Allocate the costs to cost components and customer classes. The work tasks include:

1. Allocate costs to cost components based on engineering analysis of the water and sewer systems;
2. Allocate costs of service to customer classes using the base-extra-capacity method for the water system and U.S. EPA guidelines for the sewer system, and the customer characteristics developed in Task B.

E. Develop and Recommend Revised Rates

Objective: Calculate rates based on the cost-of-service analysis in Tasks B through D. Work tasks include:

1. Calculate two rate structures per utility agreed upon prior to the calculation.

F. Estimate System Equity to Calculate Reimbursement SDCs

Objective: Estimate water and sewer system equity based on fixed asset data provided by the CITY, if available.

1. According to CITY guidance, calculate system equity based on either depreciated original cost or depreciated replacement cost. Preparation of a depreciated replacement cost calculation will depend on the CITY's ability to provide the required fixed asset data.
2. If fixed asset data are not available, other financial data may be used to determine existing system equity.

G. Estimate Capacity Requirements and Cost of Unused Capacity

Objective: Estimate demands for capacity for the water and sewer systems and determine the costs of unused capacity. Work tasks include:

1. Calculate capacity demands based on data from Task B. Water System customer characteristics used will include average and peak day demands. Sewer System customer characteristics used will include average flow and strengths.
2. Calculate the estimated value of additional water and sewer system capacity using the CITY's capital improvement programs (CIP). A total of two CIP scenarios will be run.

H. Calculate SDCs

Objective: Calculate water and sewer SDCs based on the systems' cost of capacity and customer characteristics.

1. Two SDC calculations will be conducted, one for each utility.

I. Documentation of Results

Objective: Document the results of the water and sewer rate and SDC studies. The work tasks include:

1. Prepare a draft water and sewer rate and SDC report covering a discussion of the approaches used in the studies and the recommended water and sewer rate structures. Include a description of the steps and assumptions used in the rate determination. Submit draft report to the CITY for comments.
2. Prepare a final report reflective CITY's comments.

J. Presentation to City Council

Objective: Present the results to City Council at one meeting, as requested by the CITY.

K. Develop and Provide Sewer Rate and SDC Model and Manual

Objective: Develop computerized water and sewer rate and SDC models to be turned over to the CITY after completion of the model. Work tasks include:

1. Construct a water rate and SDC model and a sewer rate and SDC model for the CITY to work in Lotus 1-2-3, release 3.1;
2. Create a user's manual for each model that the CITY can use when working with the water and sewer rate and SDC models;
3. Conduct a 2-hour training session for CITY staff. Provide two copies each of the models and manuals to the CITY.

L. Provide Public Involvement Services

Objective: Provide public involvement services throughout the water and sewer rate and SDC studies. The objective of the public involvement process is to obtain community input on water and sewer rate and SDC issues for its

consideration in the water and sewer rate and SDC development. Work tasks include:

1. Conduct up to four water and sewer Citizen Advisory Group (CAG) meetings to discuss project results, progress, and other pertinent aspects of the study. The CAG will be composed of a selection of water and sewer system customers, including residential, commercial, and industrial customers. The CAG will be selected by the CITY. In cooperation with the CITY, prepare information for the meetings.
2. Conduct a 2-hour City Council workshop. CITY will provide the location for the City Council workshop. Provide up to three project team members to participate in the workshop. In cooperation with CITY, prepare information for the workshop.

M. Coordinate Execution of the Work

Objective: Coordinate execution of the work by providing project management services, including meetings, discussions of progress, and deliverables. Work tasks include:

1. Attend up to eight meetings, including the kickoff meeting, four CAG meetings, the City Council workshop, and two progress meetings;
2. Provide five copies of a draft water and sewer rate and SDC report. Provide ten copies of a final water and sewer rate and SDC report. Provide two copies each of the water rate and SDC model and manual, and the sewer rate and SDC model and manual. Provide a technical memorandum describing a review of the general interfund transfer.

N. Provide Additional Services

Objective: Provide additional services beyond the scope of work, if requested. If additional work items are needed, both parties agree to negotiate in good faith the additional fee and schedule for the required work.

ATTACHMENT "B"

INSURANCE

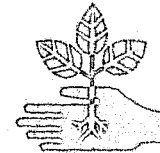
The CONSULTANT will maintain throughout this AGREEMENT the following insurance:

- (a) Workers' compensation and employer's liability/stopgap insurance as required by the State of Oregon.
- (b) Comprehensive automobile and vehicle liability insurance covering claims for injuries to persons or damages to property of others arising from use of motor vehicles, including onsite and offsite operations, and owned, nonowned, or hired vehicles, with \$1,000,000 combined single limits.
- (c) Commercial general liability insurance covering claims for injuries to persons or damage to property of others arising out of any covered negligent act or omission of the CONSULTANT or any of its employees, agents, or subcontractors, with \$1,000,000 combined single limits.
- (d) Professional liability insurance of \$2,000,000 single occurrence and in the aggregate.
- (e) CITY will be named as an additional insured with respect to CONSULTANT'S liabilities hereunder in insurance coverages identified in Items b and c, and CONSULTANT waives subrogation against CITY as to said policies.
- (f) CONSULTANT shall provide CITY with certificates of insurance showing compliance with these insurance requirements prior to commencing work. This requirements shall continue as policies are renewed or replaced. There shall be thirty (30) days' prior written notice of any policy cancellations and thirty (30) days' notice given of the renewal and/or replacement of existing policies.

ATTACHMENT "C"
FEES AND PAYMENT

The compensation for services as set forth in Attachment A shall be based on the hourly rates in Table 1 below. The CITY shall pay the CONSULTANT on a Per Diem basis up to a maximum amount of \$52,000. Per Diem Rates are those hourly or daily rates charged for work performed on the project by CONSULTANT'S employees of the indicated classifications. These rates include all allowances for salary, overheads and fees; but do not include allowances for Direct Expenses. Direct Expenses and a service charge of 10 percent of Direct Expenses, plus applicable sales, use, value added, business transfer, gross receipts, or other similar taxes will be charged. The total amount of performing the terms of the AGREEMENT shall not be exceeded without prior authorization of the CITY. All costs will be documented to the satisfaction of the CITY'S Project Manager. Labor costs will be computed based on the hourly rates in Table 1. The labor rates presented in Table 1 represent 1994 values.

Table 1 1994 Hourly Rates	
Project Member/Responsibility	Hourly Rate
Suzanne Bick, Project Manager	\$ 70.00
David Hasson, Ph.D., Senior Advisor	110.00
Robert Fuller, P.E., Water Engineering Task Leader	110.00
Daria Wightman, P.E., Sewer Engineering Task Leader	85.00
Project Economist	46.00
Project Engineer	65.00
Office Support	30.00



City of
WILSONVILLE
in OREGON

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FINANCE DEPARTMENT
STAFF REPORT AND RECOMMENDATION

To: Honorable Mayor and City Council
From: Tom Jowaiszas, Finance Director
Date: February 1, 1994
Subject: Sewer and Water Rate and Systems Development Charge Study

Summary:

The City of Wilsonville provides water and sewer services to approximately 3500 residential, commercial and industrial customers. Significant growth has occurred during the past few years and that growth is expected to continue for the next several years. In addition, significant capital expenditures, particularly in the sewer utility, are anticipated to occur during the next few years. The City also intends to maintain fully self-sufficient sewer and water operating funds and to collect costs for water and sewer system growth from new development.

The above issues have created the need for the City to take a detailed look at its sewer and water rates and related system development charges. As a result, City staff recommends that the City Council approve a resolution authorizing the City Manager to sign a "Consulting Services Agreement" with CH2M Hill to perform a sewer and water rate and systems development charge study. This study will be conducted in such a way as to ensure broad based public involvement prior to any recommendation being made to the City Council.

Recommendation:

1. Authorize the City Manager to sign a Consulting Services Agreement with CH2M Hill for a sewer and water rate and systems development charge study;
2. Authorize the transfer of an amount not to exceed \$30,000 from both the sewer operating fund contingency line item and the water operating fund contingency line item (\$60,000 in total) to the appropriate rate study line items;
3. Authorize the total expenditure for this project to not exceed \$60,000.

Discussion:

The sewer and water systems have experienced tremendous growth over the past several years. This growth is expected to continue over the next several years necessitating the need for significant capital expenditures, particularly in the sewer utility. In addition, the sewer utility has not covered its operating costs during the past two fiscal years (1991-92, 1992-93). The City's

policy is that these funds should be financially self-sufficient and that system growth should be paid for by new development. All of these factors have led to the recommendation that the City conduct a sewer and water rate and systems development charge study.

Staff solicited requests for proposals for a consultant to complete a sewer and water rate and systems development charge study. The City subsequently interviewed all five firms that had submitted proposals to conduct the aforementioned study. This interview was conducted by Mr. Steve Starner, Public Works Director; Mr. Eldon Johansen, Community Development Director; and Tom Jowaiszas, Finance Director. The selection of a consultant was guided by the publication entitled Oregon QBS Design Selection of Public Interest, which is published by the Oregon Council of Architects, the Consulting Engineers Council of Oregon, and Professional Engineers in Private Practice. The selection team evaluated both the proposals and interviews using this guidance and selected CH2M Hill as the firm that is best qualified to provide consultant services for the sewer and water rate and systems development charge study. The competition was extremely intense with several of the consulting firms being very well qualified to accomplish this study.

The total cost of this study should not exceed \$60,000. Funds are available for this project in both the sewer operating fund and the water operating fund. Funds need to be transferred from the contingency line items of the aforementioned funds to pay for this project.

tj:dp