

WALLA WALLA CITY COUNCIL
Work Session Minutes
May 20, 2013

1. CALL TO ORDER

Mayor Barrow called the meeting to order at 4:00 p.m.

Present: Councilmembers Conrado Cavazos, Jr., Barbara Clark, Jerry Cummins, Mary Lou Jenkins, Shane Laib, Chris Plucker and Mayor Jim Barrow. (Councilmember Plucker arrived at 4:04 p.m.)

Absent: None

City staff in attendance: Deputy City Manager Tim McCarty, Public Works Director Ki Bealey, Finance Manager Jean Teasdale, Public Works Manager Mori Struve, City Engineer Neal Chavre, Water Distribution Supervisor Adrian Sutor, Water Treatment Supervisor Tom Krebs, Utilities Engineer Frank Nicholson, and City Clerk Kammy Hill.

2. ACTIVE AGENDA

A. Water Meter Radio Read Study.

Deputy City Manager McCarty reported the City had hired Gray & Osborne to perform a review of water meters and water meter reading technology and introduced Utilities Engineer Nicholson. Mr. Nicholson reported that in the Vista Terrace neighborhood they tested new water meters and determined that the existing water meters were under-reading water usage in winter conditions by thirteen to fourteen percent. Mr. Nicholson introduced Ken Alexander from Gray & Osborne.

Mr. Alexander reviewed their firm's experience and provided an in-depth review of their report, findings, and recommendation to begin implementation of the Sensus automated metering infrastructure with solid state (iPerl) meters. This recommendation is based on:

- Reliability – fewer “moving parts” in meter assembly and data collection system to operate, troubleshoot and maintain; and dedicated radio frequency.
- Customer satisfaction – Proven and powerful reporting and diagnostic tools; customer web portal; and detects all leaks on service side of meter.

WORK SESSION MINUTES

MAY 20, 2013

PAGE 2

- Accuracy – Captures all current lost water revenues; detects all leaks on service side of meter; dedicated radio frequency.
- Ease of Phasing/Implementation – Three data collectors versus 15 for the Neptune system and 47 for the Badger system.

There was discussion on:

- Water loss and results from other communities.
- Surplus water meters. Staff reported that all new meters are the Sensus iPerl. The manufacturer purchased back the City's inventory of water meters last year because of the impending "no lead" rule. The old meters that will be removed will be sold for scrap because of their lead contents.
- Training and installation period for replacement and the need for a phasing plan so not all water meters need to be replaced in twenty years. Staff is unsure of the age of many of the existing residential water meters.
- Impact on employees if the City moves to an automated metering infrastructure.
- Cost of change to utility ratepayers. Staff reported this financial analysis on the ratepayer has not been completed because the City first had to identify the choice of product and business planning/implementation schedule. The other unknown impact on rates is the LT2 water treatment project.
- Whether the proposed new meters include a backflow prevention device to eliminate the need for annual testing by residents. Staff indicated the system will report backflows but does not eliminate them.
- Potential for receipt and use of grant funds to begin implementation. Mr. Alexander reported the grant requires the funds to be spent within three years but allows the City to fully implement over ten years.
- Some expenses are part of the current water meter replacement program budget. A financial analysis will need to be performed to identify the full impact.
- The new meters will result in a fairer payment by customers since water use is more accurate. The data provided by the system could allow customers to use water more efficiently. One benefit of maintaining meter readers is the ability to have additional City employee eyes in neighborhoods.
- Production of electromagnetic waves from the radio collection devices and public health.

WORK SESSION MINUTES

MAY 20, 2013

PAGE 3

- Past problems with touch read meters because of the inability to read these meters in winter conditions. The automated meter reading will be a benefit, especially in case of system leaks on the customer side.
- Ability to track and implement an equal payment plan similar to electric and natural gas usage.
- Impact on efficiencies to be gained if the meter replacements are phased in.

Mayor Barrow invited public input.

Alan Pomraning, Walla Walla, asked if consumption behavior will change for customers with more accurate readings.

Mori Struve, Public Works Manager, commented that the City has unmet needs and it is anticipated the existing two water meter readers will be reassigned to address these unmet needs.

B. LT2 Implementation Discussion.

Public Works Director Bealey introduced Elizabeth Kelly and described her experience in alternative product contracting and delivery. The study on the slow sand filtration water treatment looks favorable but final approval has not been received by the Department of Health. Today's discussion is a review of the options for alternative public works contracting methods for the water treatment plant upgrade required by the Long Term 2 Enhanced Surface Water Treatment Rule (LT2) for the inactivation of cryptosporidium.

Ms. Kelly reported this item is to assist the City Council in developing an understanding of the benefits and disadvantages to the use of alternatives allowed by Washington State to the traditional design-bid-build model for projects. Ms. Kelly provided an overview, including a review of the advantages and disadvantages, for each of the following:

- Traditional delivery procedure: Design-Bid-Build. This separates design and construction and is used for projects of any size.
- General contractor/construction manager contracting. Integrates design and construction.
- Design-build contracting. A single entity designs and constructs the project.
- Design-build-operate contracting. A single entity designs, constructs, operates, and maintains the project.

WORK SESSION MINUTES

MAY 20, 2013

PAGE 4

- Operate plus design-build-operate contracting. A single entity begins to operate and maintain existing facility and designs, constructs, operates, and maintains the upgraded facility.

Public Works Director Bealey reported one important factor to consider is the need to keep the current water treatment plant in operation through construction. The discussion today is on whether to consider privatizing operations at the water treatment plant and to get a sense from the City Council if they would like any of the construction options considered for further study.

Ms. Kelly reported that alternative built projects are being performed and completed around Washington State for significant savings over the traditional design-bid-build process. Ms. Kelly reviewed the cost savings from three public projects that utilized the design-build-operate process. These savings are resultant from the synergy that develops in getting all three processes working together to produce competitive costs. Public Works Director Bealey cautioned that the City's water treatment project is not as large in comparison so the savings may not be quite as significant.

Ms. Kelly summarized the lessons learned, and the advantages and disadvantages of each process.

Public Works Director Bealey reviewed staff input and considerations including:

- The alternative processes are all feasible implementation alternatives.
- Privatizing operations is not about the performance of existing staff. It is about long-term risk management, innovation, and long-term cost control.
- Hiring a qualified and experienced support services team to evaluate and recommend a delivery method to Council.
- Addressing any public concerns with privatizing water treatment operations.
- If the City Council determines to pursue the operation plus design-build-operate process, measures should be put in place for transition of existing water treatment staff such as requiring an offer of employment to existing employees; total compensation package must be equal to or better than existing; no involuntary transfers; and no terminations without just cause.
- If the City Council determines to pursue the operation plus design-build-operate process, there is a need to clearly delineate

WORK SESSION MINUTES

MAY 20, 2013

PAGE 5

responsibilities for watershed management; management of wells; management of pressure zones; and performance expectations for hydropower operations and aquifer storage and recovery.

If the City Council wants to investigate these alternatives further, the following will need to be done:

- Review with City Attorney.
- Talk to the Capital Projects Advisory Review Board about proceeding.
- Hire a support services consultant to evaluate and recommend a delivery option.
- Develop a City Council Resolution to proceed if an alternative delivery method is employed.
- Establish a communications protocol to engage the community and communicate intent to the market.

The City needs to make progress this year if the City Council is supportive of an alternative public works project process.

There was discussion by Council. Council suggested staff proceed with a review with the City Attorney and beginning discussions with the Capital Projects Advisory Review Board.

It was the consensus of a majority of Council to schedule a question and answer session at a future Work Session using the summation at the end of the presentation.

3. OTHER BUSINESS

Public Works Director Bealey reported there was an emergency management drill for a simulated plane crash occurring this evening.

4. ADJOURNMENT

There being no further business, the meeting adjourned at 6:08 p.m.