



# REQUEST FOR COUNCIL ACTION

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**Title:** WWTP Value Engineering Study Contract Authorization

**Preferred Agenda:** November 10, 2020

**Submitted By:** Trish Rice, Engineering Technician 2  
Greg Springman, Public Works Director

**Reviewed By:** Ray Towry, City Manager

**Type of Action:** Resolution \_\_\_\_ Motion \_\_\_\_ Roll Call  X  Other \_\_\_\_

**Relevant Code/Policy:** N/A

**Towards Council Goal:** 1.b Develop specific steps for implementation of the adopted infrastructure master plans – sewer  
2.5 Continue to implement best financial practices

**Attachments:** Value Engineering services contract

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**Purpose of this RCA:**

Staff is requesting authorization to execute the attached contract for Value Engineering Study for the Wastewater Treatment Plant (WWTP) Improvement Project.

**Background/Context:**

The WWTP Improvement Project 60% design was completed in June 2020 and is now entering the 90% design phase. USDA and DEQ require a Value Engineering (VE) study as part of our financing application. A VE study is a third-party engineering review that checks the design for construction efficiency, equipment selections, and other cost-saving measures. This study is necessary before beginning 90% design work. The estimated contract value is \$80,000.

On September 22, 2020, Council authorized staff to advertise the Request for Proposals. The RFP was posted September 23 and closed October 2. The City received no proposals.

Feedback from the consultant community indicates that various firms were interested, but a variety of factors discouraged them from competing such as the relatively quick deadline, competition with other jobs that closed on the same day, and misunderstandings over the contract's budgeted value.

Staff considered whether to re-issue the RFP or to direct appoint a consultant pursuant to ORS 279C.110(10). After consulting with the Murraysmith project manager and USDA/DEQ financing staff, City staff opted to directly appoint a consultant in order to avoid delays to the project schedule. The VE study is on the critical path of the WWTP project schedule, meaning any delays to VE will delay the entire WWTP project, which is extremely undesirable.

Staff reached out to Keller Associates, of Salem, which was the second-ranked consultant in the Engineer of Record RFP earlier this year based upon consideration of the criteria outlined

in ORS 279C.110(3)(a) through (3)(g). Keller Associates has been responsive to our scheduling needs to deliver the VE study on an accelerated schedule. Minor changes to the contract terms have been negotiated. Contract completion is targeted for Dec 31.

**The Challenge/Problem:**

How will the City ensure the best value for the City's capital investment and meet financing application requirements?

**Stakeholders:**

- City of Sweet Home citizens – Ratepayers pay for all treatment works. It is our responsibility to deliver services as effectively and efficiently as possible.
- City of Sweet Home – The City must be a responsible steward of the public money and facilities in our care.
- City of Sweet Home Public Works staff – Public Works staff provide oversight and support for the WWTP design. City staff and Murraysmith engineers will work together to review the VE study results and incorporate changes.
- Murraysmith – The design engineers are responsible for designing efficient treatment processes. City staff and Murraysmith engineers will work together to review the VE study results and incorporate changes.
- USDA and DEQ – These regulatory agencies require the VE study as part of the City's financing application.

**Issues and Financial Impacts:**

Keller Associates has quoted us \$77,630 which will be charged to the WWTP project budget. This is below our \$80,000 estimate. Staff also anticipates tasking West Yost as the engineer of record to assist with reviewing the VE study recommendations for inclusion in the WWTP design, at the hourly rate of \$227/hr for key West Yost staff.

**Elements of a Stable Solution:**

The ideal solution will meet financing application requirements and ensure the best value for the City's investment.

**Options:**

1. Do Nothing. This will require us to seek an alternative financing source and will delay the project.
2. Execute the contract with Keller Associates. Staff will execute the contract and issue the Notice to Proceed. The VE study will stay on schedule.
3. Review the Value Engineering services contract and suggest revisions. Staff will renegotiate the contract with Keller Associates to address Council's areas of concern and present a new draft to Council at a later date. This will delay the project.
4. Direct Appoint a different firm. Use a different methodology to select a different consultant for direct appointment. This will delay the project.
5. Post the RFP again. This will delay the project.

**Recommendation:**

Staff recommends Option 2, Execute the contract with Keller Associates.