

RIFLE CITY COUNCIL MEETING

Wednesday, June 25, 2014

SPECIAL MEETING

6:00 p.m. * Council Chambers

A special meeting of the Rifle City Council was called to order at 6:00 p.m. by Mayor Randy Winkler.

PRESENT ON ROLL CALL: Councilors Rich Carter, Barb Clifton, Jay Miller, Dirk Myers, Hans Parkinson, Jonathan Rice, and Mayor Randy Winkler.

OTHERS PRESENT: Matt Sturgeon, City Manager; Lisa Hamilton, City Clerk; Michael Churchill, Rifle Community Television Assistant Manager; Robert Burns, Water Supervisor; Dick Deussen, Utilities Director; John Dyer, Police Chief; Charles Kelty, Finance Director; Jim Miller, Resident Engineer; Dan Alvis; Ava Bowles; Chris Krelovich; Mike McKibbin; Susan Nichols-Alvis; and Warren Swanson.

EXECUTIVE SESSION FOR THE PURPOSE OF DETERMINING POSITIONS RELATIVE TO MATTERS THAT MAY BE SUBJECT TO NEGOTIATIONS, DEVELOPING STRATEGY FOR NEGOTIATIONS, AND/OR INSTRUCTING NEGOTIATORS, UNDER C.R.S. SECTION 24-6-402(4)(E)

Councilor Miller moved to adjourn to executive session to discuss negotiations; seconded by Councilor Clifton. Roll Call: Yes – Carter, Clifton, Miller, Myers, Parkinson, Rice, Winkler

Council returned to open session at 7:30 p.m.

CONSIDER ACTION ON BIDS TO CONSTRUCT RIFLE REGIONAL WATER PURIFICATION FACILITY (RRWPF)

City Manager Matt Sturgeon reported that the City advertised bids for the construction of the Rifle Regional Water Purification Facility (RRWPF). The resulting best value bid received exceeded the City’s budget by more than \$8,000,000.

Susan Nichols-Alvis commented that the City should downsize the project.

Councilor Myers moved to reject the bids the City received for the construction of the Rifle Regional Water Purification Facility; seconded by Councilor Miller. Roll Call: Yes – Carter, Clifton, Miller, Myers, Parkinson, Rice, Winkler

CONSIDER AUTHORIZING STAFF TO UTILIZE SOLE SOURCE PROCUREMENT FOR THE CONSTRUCTION OF THE RRWPF – RESOLUTION NO. 10, SERIES OF 2014

Mr. Sturgeon and Resident Engineer Jim Miller explained that the City’s existing water treatment plant has reached its maximum production capacity and cannot be expanded. It is at the end of its design lifespan, spare parts are not readily available, and the facility cannot be upgraded to meet anticipated Colorado Department of Public Health and Environment future regulations, creating the urgent need for the RRWPF.

The current situation and status of the City’s existing water plant creates an emergency to public health and safety with components failing or near failure, including but not limited to tube settler modules collapsing, partial failure of disinfection equipment, and a loss of one of two backwash carriage controller drastically reducing capacity, all

of which impede the City's ability to provide potable water to its citizens. A catastrophic failure of an integral component of the existing water plant would disrupt water service in the City for an unknown duration.

The City used a traditional Design/Bid/Build method in seeking bids for the Project. Re-employing this method, i.e., redesigning the RRWPF to meet the City's budget and competitively bidding the project again, during a period of rapidly increasing market conditions, would reduce the City's ability to gain maximum cost savings through such redesign and further delay the Project. This would increase the likelihood of catastrophic failure of the existing water plant.

The City obtained a historically low interest loan from the Colorado Water Resources Development and Power Authority ("CWRDPA") in 2012 to fund the Project. The delay in constructing the RRWPF puts that financing in jeopardy.

Council may approve a waiver of any of the provisions of the Purchasing Code after consideration of the particular facts and circumstances necessitating the request for waiver and all of the procurement procedures may be modified to prevent the loss of any gift or grant to the City.

An emergency exists and it is necessary to expedite the bidding of the Project and commence construction of the RRWPF.

Proposed Resolution No. 10, Series of 2014 would authorize the City's Purchasing Agent to utilize sole source procurement for the Rifle Regional Water Purification Facility Project for the City Council's consideration and award in a manner that is most expeditious to commence construction of the Project and achieve the best value for the City. Staff recommended Council approve this resolution to allow the City to construct the RRWPF using the Construction Manager/General Contractor (CMGC) method.

Ava Bowles asked about the risk of costs exceeding budget using the CMGC method. She asked about the option of building a smaller plant. She suggested the City plan to serve 10,000 to 12,000 people, rather than a larger population.

Councilor Miller moved to approve Resolution No. 10, Series of 2014; seconded by Councilor Rice. Roll Call: Yes – Carter, Clifton, Miller, Myers, Parkinson, Rice, Winkler

CONSIDER ACTION TO AWARD PURCHASE OF MEMBRANES TO PALL AND AUTHORIZE STAFF TO RETAIN PALL TO PREPARE DRAWINGS NECESSARY TO PLACE MEMBRANES IN RRWPF

Mr. Miller explained that microfiltration membranes are planned as the compliance filtration system within the RRWPF. These are not the same as reverse osmosis membranes. Staff has re-negotiated with membrane suppliers. This re-negotiation was prompted by changes forced upon the City by General Electric (GE) which would have raised capital and engineering costs at a time the City was seeking to reduce costs. As a result, the City terminated its contract with GE and entered into simultaneous negotiations with GE and Pall Corporation, the two previous bidders from a 2010 procurement effort.

The results of the negotiations were as follows: General Electric's price for equipment and services was \$2,250,000 and Pall's was \$1,980,000. Besides being lower on capital cost, Pall is lower on membrane purchase and replacement costs. On a lifecycle cost evaluation, capital and membrane replacement costs for Pall are more attractive than GE's. On the matter of payment terms, Pall's payment terms and conditions are more favorable than GE's. The payment schedule negotiated with Pall only requires 5% to initiate drawings and additional 20% through the completion of approved drawings. The payment schedule allows the City to cancel at any time up to the release for fabrication with payment for only the costs incurred.

Staff recommends that the City proceed with an award to Pall for the drawing preparation portion of the payment schedule in the amount of \$99,000.

Councilor Miller moved to authorize staff to retain Pall Corporation to prepare drawings necessary to place membranes in the RRWPF in an amount not to exceed \$99,000; seconded by Councilor Carter. Roll Call: Yes – Carter, Clifton, Miller, Myers, Parkinson, Rice, Winkler

CONSIDER ACTION TO AWARD ADDITIONAL GEOTECHNICAL SERVICES FOR CLOSURE OF WATER IMPOUNDMENT AND DESIGN OF DRYING BEDS

Mr. Miller reminded Council that the City recently made an emergency procurement of \$75,000 for geotechnical engineering services from Kumar and Associates. This initial amount was for borings to determine groundwater level and bedrock elevations. It was also for services to determine soil, waste, and groundwater characteristics for planned clay-lined drying beds to achieve cost savings compared to an earlier plan involving concrete lined drying beds. The \$75,000 scope of work also included several additional borings to examine the suitability of the same site to support a new water treatment plant.

With only \$75,000 of a \$122,290 scope of work authorized to date, it is now appropriate to authorize the remaining portion of the work. The additional funds are required to proceed with the design of the clay-lined drying beds to achieve the anticipated savings and the development of a waste impoundment closure plan.

Staff recommends award of an additional \$47,900 to complete the drying bed design and closure plan development. Analytical and waste characterization costs are excluded, so additional expenses of up to \$10,000 may be incurred.

Councilor Carter moved to authorize Kumar and Associates to complete RRWPF drying bed design and closure plan development for an amount not to exceed \$47,900; seconded by Councilor Rice. Roll Call: Yes – Carter, Clifton, Miller, Myers, Parkinson, Rice, Winkler

CONSIDER AUTHORIZING RETURN OF DEPARTMENT OF LOCAL AFFAIRS (DOLA) GRANT AWARDED TO CONSTRUCT WATERLINE TO SOUTH RIFLE

Councilor Rice moved to authorize the return of a Department of Local Affairs (DOLA) grant awarded to construct a waterline to South Rifle, to allow the City to use \$600,000 in matching funds for other projects; seconded by Councilor Clifton. Roll Call: Yes – Carter, Clifton, Miller, Myers, Parkinson, Rice, Winkler

CONSIDER AUTHORIZING THE SUBMITTAL OF A DOLA TIER II GRANT FOR THE PROCUREMENT OF THE PALL MEMBRANES AND OTHER PROCESS EQUIPMENT – RESOLUTION NO. 11, SERIES OF 2014

Proposed Resolution No. 11, Series of 2014, would authorize the City to apply for a grant from the DOLA Energy and Mineral Impact Assistance Fund in the amount of \$2,000,000 to purchase process equipment and the Pall Membrane System. The City would commit a local match of \$2,000,000 available through the City's water fund.

Councilor Miller moved to approve Resolution No. 11, Series of 2014; seconded by Councilor Rice. Roll Call: Yes – Carter, Clifton, Miller, Myers, Parkinson, Rice, Winkler

UPCOMING MEETINGS

Council's next regular meeting will take place July 2, 2014.

Council and the Visitor Improvements Fund Advisory Board will meet in a workshop session on July 9, 2014 at 6:00 p.m.

Meeting adjourned at 8:12 p.m.

Lisa K. Hamilton
City Clerk

Randy Winkler
Mayor