# CITY OF COOS BAY CITY COUNCIL
**Agenda Staff Report**

| MEETING DATE<br>June 7, 2016 | AGENDA ITEM NUMBER |
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TO: Mayor Shoji and City Councilors

FROM: Rodger Craddock, City Manager

ISSUE: Scope of Work for the Council Wastewater Committee

**BACKGROUND:**

At the June 21st meeting, the Council approved appointing a Council Committee to work with an attorney with wastewater expertize. The committee, comprised of Mayor Shoji, Councilors Brick and Leahy conferred with the attorney on June 27th. Based off their conversations, a scope of work was drafted for both the engagement of the attorney and an engineering firm suggested by the attorney. That scope of work (attached) was send to the committee members and the rest of the Council for review prior to submitting it to the consultants

Upon review, Council Daily pointed out that the scope of work was inconsistent with his motion which was approved by a majority of the Council. The motion (attached) in substance was limited to the formation of the committee along with appointment of committee members, and the direction to work through the attorney to draft a RFP to privatize (in whole or in part) the wastewater utility.

As there was some confusion as to the scope of work the Council intended to be done, the matter is being brought back for clarification. Once clarification is received, the appropriate scope of work will be provided to the attorney and work can commence.

**RECOMMENDATION:**

Provide staff and the Council Committee member's clarification and direction.

DRAFT Scope of Work

The City owns two wastewater treatment plants, 23 wastewater pump stations and approximately 90 miles of mainlines. All sewer laterals (from building to main) are privately owned and maintained by the property owner. Operations and maintenance of the City owned treatment plants and collection system have been contracted out in a Private Public Partnership with CH2M since 1996.

In 2003, the City of Coos Bay anticipated the need of upgrading its wastewater treatment plant #2 (WWTP2) in the next 10 years and thus started the necessary planning process. Since 2003 the City has completed a facility plan, a facility plan amendment, a value analysis, value engineering, pre-design plans, and final construction plans for WWTP2. These plans and reports will be made available to the consultants for reference. A local firm with a worldwide presence, DB Western Texas (DBWT), which specializes in the construction and operation of chemical plants, has made a proposal to the Coos Bay City Council whereby DBWT would design, build, operate, and own the wastewater treatment plant, and the City of Coos Bay would be DBWT's customer. This private facility is proposed to be placed on City owned property that DBWT would lease from the City. Per the DBWT proposal, the City would continue to own, operate, and maintain its collection system together with the outfall to the receiving waters. The information DBWT has provided the City regarding their proposal will be made available to the consultants for reference.

On June 21, 2016, the City Council put a hold on moving forward with construction of the completed WWTP2 design plan which includes a Sequencing Batch Reactor (SBR) plant using UV disinfection. The Council desires to explore the feasibility of private ownership of the City wastewater treatment facilities and the Membrane Bioreactor (MBR) and UV disinfection technology proposed by DBWT.

The City Council formed a committee to explore the feasibility of privatization and assessing the city's wastewater treatment. The committee is requesting the legal firm of Farella Braun + Martel LLP prepare a report incorporating the items outlined below. The report should incorporate engineering information and opinions provided by EEC Environmental.

The committee requests a draft document by August 8, 2016, with the final report incorporating any requested revisions by August 31, 2016.

**Legal:**

Identify, in order, the process or steps to be taken to privatize the City of Coos Bay's wastewater treatment facilities, where the City owns the land and a private entity leases the land from the City, and the private entity designs, builds, operates, and owns the wastewater treatment facility. The City would still own and operate the collection system and outfall to the receiving waters.

Identify the major issues the City needs to consider incorporating into and/or addressing in its contract with a private WWTP owner.

Identify other issues the City may want to consider addressing in its contract with a private WWTP owner.

Identify advantages and disadvantages for private ownership of municipal wastewater treatment facilities with regard to permitting (for construction) and permit compliance (during construction and operations).

Provide examples of current privately owned WWTPs in the western US that provide municipal wastewater treatment.

Based on your firm's experience, what advantages and disadvantages are there to outsourcing and privatizing the City's wastewater treatment needs versus what the City is currently doing – City owned treatment plant operated by a private firm.

Based on your firm's review of the DBWT proposal, provide the strengths and weaknesses of the proposal along with the advantages and disadvantages of the proposal to the City.

Based on professional legal and engineering review of the DBWT privatization proposal, provide a recommendation to the City.

**Engineering:**

Compare pollution removal performance (such as % removal of TSS, BOD5, bacteria, viruses, pharmaceuticals, and copper and other heavy metals) of the City's proposed SBR facility versus the DBWT MBR facility including the UV technology proposed in both.

Identify the strengths and weaknesses of a MBR system versus a SBR system based on the City of Coos Bay's receiving water environment, climate, and condition of the collection system.

Provide information regarding the likelihood that the SBR system will (or will not) meet any proposed revisions to water quality standards that EPA may implement over the next 5 and/or 10 years.

Based on the City's existing and projected influent flows and loads, compare the 20-year life cycle cost (capital and operational costs) of the City's SBR proposal versus the DBWT proposal including proposed sludge/biosolids handling by both. Determine if DBWT's charge to the City of $40/EDU/Month, with annual 1% escalation over twenty years, is reasonable for DBWT to recover their capital and operational costs.

Identify advantages and disadvantages for private ownership of municipal wastewater treatment facilities with regard to permitting (for construction) and permit compliance (during construction and during operations).

At the June 21, 2016 City Council meeting, Council approved the following motion made by Councilor Daily:

> "I move to establish a Council committee consisting of the Mayor, Councilor Brick and Councilor Leahy with Councilor Vaughn as an alternate committee person. The purpose of the committee is to select an attorney who specializes in wastewater treatment for the purpose of assessing the city's wastewater treatment operations with the intent of developing a request for proposal for private wastewater treatment with best available technology and that staff should be available to assist the attorney with things the attorney requests. Staff should not move forward with its current treatment plant plans unless the Council discovers through the specialty attorney that it is not viable to move forward with a private plant."