

## City of Brookings

# Special WORKSHOP Agenda

### **CITY COUNCIL**

**Monday, March 20, 2017, 4:00pm**

Emergency Operations Center, 898 Elk Drive, Brookings, OR 97415

**A. Call to Order**

**B. Roll Call**

**C. Topics**

1. Presentation on Contracting by CH2M [City Manager, Pg. 2]
  - a. February 6, 2017 Council Workshop Report [Pg. 3]
  - b. Information about CH2M services [Pg. 6]

**D. Council Member Requests for Workshop Topics**

**E. Adjournment**

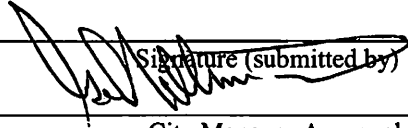
All public City meetings are held in accessible locations. Auxiliary aids will be provided upon request with at least 72 hours advance notification. Please contact 469-1102 if you have any questions regarding this notice.

# CITY OF BROOKINGS

## COUNCIL WORKSHOP REPORT

Meeting Date: March 20, 2017

Originating Dept: City Manager

  
\_\_\_\_\_  
Signature (submitted by)  
\_\_\_\_\_  
City Manager Approval

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Subject: Presentation on Contracting by CH2M

Background/Discussion:

Please see the attached Council Workshop Report from February 6, 2017. The attachments have not been included.

Representatives of CH2MHill (now CH2M) will make at presentation on contracting public works services and will be available to answer questions.

CH2M is not making a proposal at this time. This is an information meeting.

**This meeting will be in the Emergency Operating Center.**

Attachment(s):

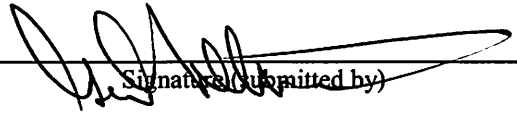
- a. February 6, 2017, council Workshop Report.
- b. Information about CH2M services.

# CITY OF BROOKINGS

## COUNCIL WORKSHOP REPORT

Meeting Date: February 6, 2017

Originating Dept: City Manager

  
\_\_\_\_\_  
Signature (submitted by)  
\_\_\_\_\_  
City Manager Approval

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Subject: Contracting Services

Financial Impact:

Potential reduced cost of providing services.

Recommendation:

Staff is not making a recommendation at this time. This item is being placed on the agenda to facilitate a policy discussion concerning utilizing private contractors to perform certain functions now performed by City employees as a potential cost-savings initiative.

Background/Discussion:

The growing cost of maintaining public employees, economies associated with contractors who manage multiple like-facilities, and difficulties experienced in recruiting and retaining employees with special skills are factors that have driven the move to contracting some public services in a number of communities.

Several years ago, the City Council discussed contracting with the private sector for parks maintenance. The City developed a request for proposals to contract this service and received proposals twice. As a result of this experience it became obvious that there was no local contractor with the capacity to perform this service. Additionally, a portion of the parks maintenance function has historically been integrated into duties performed by Public Works employees.

The City Council has continued to express interest in exploring the possibility of contracting for services as a cost reduction measure.

Brookings already contracts for certain services, including legal (City Attorney), engineering (The Dyer Partnership), preparation of master plans, City Hall/Frontage Road landscape maintenance; garbage collection and disposal (through a franchise agreement); flower basket and downtown street tree maintenance (Flora Pacifica); building and park restroom maintenance (janitorial); vehicle repair; sewer cleaning; vehicle maintenance; communications tower management; fire operations (we have a \$27,000/year contract with the Brookings Volunteer Fire Department Inc.) and now golf course maintenance/operations. We also contract for many specific services as needed, such as electrical repair, street construction, equipment repair.

Contracting with the private sector for public services is fairly common, more so in California. There are several cities in California that contract with the private sector for virtually all services except public safety (about 40 per cent of cities in Los Angeles County contract with the

Sheriff's Department for police services), and the California Contract Cities Association has 70 members. I have personally managed contracts for administrative services, including payroll and accounting; landscape maintenance; building inspection; recreation services; street sweeping; planning; zoning administration.

Communities are often reluctant to contract for certain services, such as law enforcement, because they see having their own city police department as a part of their community identity, and don't want to hand policies for how this service is provided in their community to the leadership of some other jurisdiction. In Curry County, Brookings provides a superior level of law enforcement services, and it is likely that the level of service would be diminished by contracting with Curry County.

Contracting services also relinquishes a level of control and convenience over providing services as private contractors function as independent entities utilizing their own methods and means to fulfill the service. Contracting can also lead to higher costs associated with special services commonly provided by City employees. For example, City public works employees respond to after-hour emergencies, perform functions during special events and are utilized to address special needs. Public Works employees, for example, were assigned for several days to assist at the Salmon Run Golf Course to address maintenance needs during the transition from the private lessee to the new contract manager. There are also concerns that a private contractor may not adequately maintain facilities during the term of the contract, and the City may be left with a large liability for deferred maintenance at the end of the contract period. We recently experienced this situation with the golf course.

Some other benefits of having an in-house public works operation would also be lost. City public works employees have completed a number of projects called for in the City's water, sewer and storm drain master plans. These projects were designed and constructed with City public works employees, who now also have the ongoing responsibility for maintenance. Having maintenance employees involved in the design and construction of improvements is extremely important. Public Works Supervisor Richard Christiansen worked closely with design engineers on the Airport Infrastructure Project. His knowledge of the City systems and vision of how the system would operate once constructed influenced many aspects of the project design and we will have a much better project as a result.

One area where contracting has become more commonplace has been the operation of wastewater treatment plants (WWTP). For example, Coos Bay has contracted the operation of its WWTP to the private company CH2M HILL for over 20 years. CH2M contract operates 25 WWTPs in Oregon/Washington/Idaho, and there are several other companies performing the same service. This has proven successful primarily because CH2M employs a cadre of certified operators, has the resources to stay current in the regulatory and technological spheres, and can take advantage of lower supply costs as they can enter into bulk contracts. However, this is not without problems. The City of Coos Bay was recently fined \$8,000 in connection with a sewage discharge from its WWTP...which is under the management of CH2M; CH2M is paying the fine as the cause of the spill was operator error.

The City of Ontario, Oregon, (pop. 11,500) has taken public works contracting to a new level. They have recently renewed their agreement with CH2M through which they contract for **all** public works services, including water/wastewater treatment, distribution, collection, street maintenance, park maintenance, storm drains, building inspection, public works management and engineering. Ontario received the 2015 League of Oregon Cities Award for Excellence for

its “innovative and progressive approach” to providing services. However, it is not entirely a “rosy picture” in Ontario as indicated by the attached August 7, 2016, letter to the editor.

PWDS Director Paul Stevens contacted a former Ontario Councilor and small business owner for his observations on the Ontario arrangement:

- Service has diminished.
- CH2M has gradually absorbed all engineering functions and the City no longer contracts with any other firms for technical services (i.e. surveying, inspection, plan checking).
- The City remains responsible for all regulatory permit compliance and fines.
- The City owns all equipment and is responsible for equipment replacement.
- Savings is less than anticipated...about \$200,000 annually.

Contracting services rather than having employees performing these services have many pros and cons. We certainly have more flexibility utilizing our own employees, and more accountability over their performance. Among the advantages of contracting is the impact of reducing overhead administration, which impacts duties performed in other departments such as payroll, purchasing and human resources.

Other considerations include employee management issues related scheduling during staff shortages when employees are on medical leave; overtime disputes; call back/stand-by disputes; and safe working practice compliance. The benefit cost for a treatment plant or public works employee has risen to an average of about 60 per cent of salary; the workers compensation rate alone is 8.9 per cent of salaries for public works employees, the highest rate for any group of City employees. The City pays a retirement contribution for all new employees of 33.78 per cent. Recently, the cost of attending an operator’s conference in Hood River in order to maintain education requirements for a certified operator was \$2,605 including salary, travel and expenses.

Contracting services has the potential for reducing operating costs, but also has the potential for experiencing a reduced level of service and higher costs. City public works employees, for example, perform duties as needed that are laced into other community services such as supporting special events and maintaining public buildings, or responding to needs at parks and the golf course, and responding to disaster emergencies.

Staff has contracted for services “around the edges” such as maintaining landscaping and restrooms, performing janitorial services at the civic center, vehicle maintenance and will continue to evaluate and explore this option as a part of managements ongoing evaluation of how best to provide services to the community.

Attachment(s):

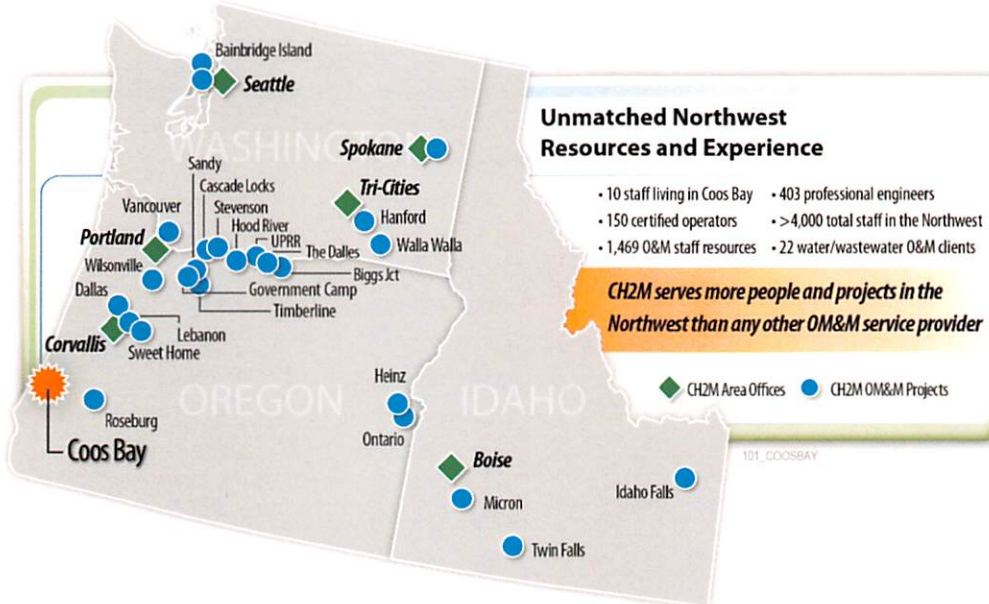
- a. Utility Services Request for Qualifications issued by the City of Ontario.
- b. City of Ontario contract agreement with CH2M HILL.
- c. CH2M HILL summary of northwest operations.
- d. Water/Wastewater Public Private Partnership discussion from CH2M HILL.
- e. News article from the Argus Observe in Ontario.
- f. City of Coos Bay Request for Proposal for sewer treatment and collection management services.
- g. California Contract Cities Association history.
- h. News article re: Coos Bay fine.
- i. Letter to the Editor.

# Northwest Operations Management Services

Founded in 1946 in Corvallis Oregon, today CH2M is a global leader in full-service operations, consulting, design, design-build, and program management for public and private clients, with more than \$5.3 billion in revenue and over 25,000 employees worldwide. With a staff of 4,300 in the Pacific Northwest region, we have an unrivaled pool of resources available to support the City of Brookings.

CH2M delivers water and wastewater Operations Maintenance & Management (OM&M) services to more clients and residents in the Northwest, including Oregon, than any other firm in the country. Our clients range from Hood River to Roseburg and include leading industrial clients, such as Heinz whom we've served for over 20 years. This extensive OM&M footprint, including our pool of 4,000 staff in the Northwest region, allows us to quickly and efficiently tackle any challenge that is presented.

The City of Brookings OM&M services would be supported by CH2M's comprehensive engineering design and construction resources in Oregon, including from our global design center in Corvallis. The City will have access to the full extent of our firm's expertise in wastewater treatment and conveyance design, SCADA, construction management and more. These synergies create extra value for our clients, by improving quality and bringing the latest industry practices, trends and efficiencies to your operations.



CH2M's Deep Pool of Local Resources in the Northwest Supports the Full Breadth of our Client's Current and Future Operations Needs.



**More certified operators than any other firm.** Our number of certified treatment and collections system operators in the Northwest dwarfs that of other contract operations firms, and ensures that we can always provide qualified personnel.

**NW Wastewater Treatment:**

<u>Current Certification</u>	<u>Number of Certifications</u>
Grade IV	21
Grade III	11
Grade II	11
Grade I	19
Total	62

**NW Collections:**

<u>Current Certification</u>	<u>Number of Certifications</u>
Grade IV	2
Grade III	5
Grade II	8
Grade I	12
Total	33



Long-Term Client Partnerships Confirm Client Satisfaction with CH2M  
(Years of Operation)

Lebanon, OR (33)	Gilroy, CA (25)
Hood River, OR (32)	Twin Falls, ID (30)
City of Stevenson, WA (31)	Pampa, TX (30)
Cascade Locks, OR (31)	Hansen, ID (23)
Moiser, OR (31)	Dodge City, KS (27)
Roseburg, OR (31)	Grants, NM (27)
Fayetteville, AR (26)	Bainbridge Island, WA (20)
The Dalles, OR (26)	City of Walla Walla, WA (15)
Hinesville, GA (25)	Seattle Public Utilities, WA (13)

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**Renewal rates that attest to client satisfaction.** Our current renewal rate for water/wastewater Operations and Maintenance contracts is 96%. Our relationships with our clients are overwhelmingly positive, as reflected by our industry-leading renewal rate. Our municipal wastewater OM&M tenure ranges from brand new contracts to terms of over 30 years.

We also have one of the highest rates of new client growth in the business. CH2M was recently selected as the contract operator for the City of Vancouver WA's wastewater treatment system, including 44 MGD of treatment capacity, pump stations and industrial pre-treatment facilities. The project will also include advanced asset management and a SCADA system upgrade. We are the only private operator in Oregon that manages complete collection systems, bringing expertise and understanding of state regulations and required response to SSO events.

**A committed community partner.** Working with CH2M’s Operations Management Services adds an energetic and committed partner to your community. CH2M views partnering with communities as a firm-wide responsibility. Community partnerships align with our core values, enhance our employees’ pride in our company, provide an employment differentiator to recruit and retain employees, build a positive image of CH2M in the communities where we live and work, and helps to build relationships with key stakeholders in the community.



For our municipal OM&M projects in the Western US – which include 10 projects in Oregon - we are currently sponsoring 114 community projects. A partial list of these important activities include:

<ul style="list-style-type: none"> <li>• Plant tours, field trips, career fair, community college and school presentations;</li> </ul>	<ul style="list-style-type: none"> <li>• Race and walk sponsorships</li> </ul>
<ul style="list-style-type: none"> <li>• Lions Club, Rotary Club, Chamber of Commerce, Ducks Unlimited memberships</li> </ul>	<ul style="list-style-type: none"> <li>• Adoption of facilities and infrastructure, including boat ramps, parks, swimming pools, streets and highways</li> </ul>
<ul style="list-style-type: none"> <li>• Fundraisers for local hospitals, schools and community amenities</li> </ul>	<ul style="list-style-type: none"> <li>• Sponsorships of youth sports teams, parades, community events, holiday celebrations, Humane Society, Red Cross, hospice and local shelters;</li> </ul>
<ul style="list-style-type: none"> <li>• Volunteer leaf pick up and snow removal</li> </ul>	<ul style="list-style-type: none"> <li>• Local cleanups of rivers, creeks, trails and wetlands</li> </ul>

**A focus on communications and transparency.** CH2M recognizes the commitment required to maintain quality throughout a long-term operations contract. Our on-site staff, executive leadership, and City stakeholders typically conduct a series of structured activities throughout the contract period, including:

- Annual vision, alignment, and expectation workshops to strengthen and evolve the partnership;
- Quarterly business reviews, to review our project with client and keep us on track;
- Clearly documented and agreed upon governance processes and key performance indicators;
- Established leadership and stakeholder roles and responsibilities;
- Clear communication protocols, including daily, weekly and monthly on-site staff meetings where City staff are always welcome; and
- The continuous review, evaluation, and improvement of performance.

“CH2M’s major task is to run the treatment plant...and comply with the NPDES permit...CH2M has excelled in other areas required by the permit to include: management, training, safety, quality control, implementing standard operating procedures, establishing a stable lab work force, optimizing energy management, implementing maintenance management software, implementing an industrial pretreatment program, biosolids program, and community development...I have been very impressed with their strict compliance with the contract, combined quality, and dedication to cost savings.”

—Frank Nicholson, PE, Utility Engineer and City Contract Administrator, Walla Walla, Washington



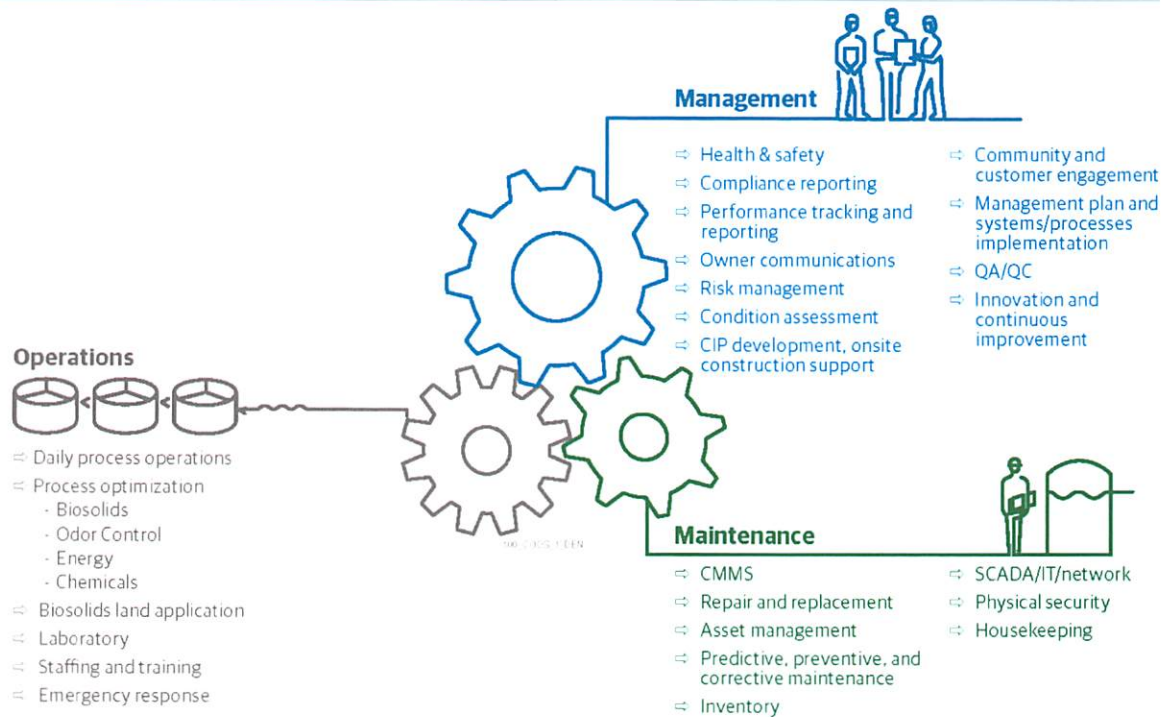
### Industry-leading environmental compliance.



CH2M currently operates and maintains wastewater treatment facilities at hundreds of sites, each with unique regulatory and permit requirements. Our Environmental Compliance Program is an organized, systematic approach to maintain compliance with environmental, legal, and business requirements. Utilizing an established audit procedure known as the Permit Compliance Review Audit, coupled with a series of quality assurance/quality control procedures, we conduct annual compliance evaluations of our operations in a manner that is very thorough and that is modeled after the audit procedures utilized by state regulatory agencies. This have proven to be very successful in that over the past 5 years, the facilities that we operate have not incurred any fines or violations resulting from state regulatory agency audits and inspections.

**A comprehensive approach.** CH2M brings the City a proven platform of systems, tools and processes. Our delivery is divided into the major areas of Management, Operations and Maintenance, which work together to ensure permit compliance and protection of the City's assets. The elements of our approach in each of these critical areas is shown below.

### OM&M Platform



### An Ethical Partner

Ranked by Ethisphere as one of the World's Most Ethical Companies for 7 consecutive years (2009-2015) recognizing CH2M's advancement of best practices in business ethics, compliance practices, and corporate social responsibility



2009. 2010. 2011. 2012.  
2013. 2014. 2015.

**An ethical leader.** At CH2M, ethics, integrity, and compliance with the law are core values fundamental to our success. As one of our founders, Jim Howland, said "Integrity is the all-important prerequisite to employment. The person must be honest with himself and others or we have no foundation on which to build."

**A commitment to continuous improvement.** As a Fortune 500 company, CH2M is committed to continually bringing the best people, resources and ideas to our clients around the world. We routinely evaluate our OM&M projects to identify issues and their root causes, understand how practices can be improved, make decisions and assign responsibility for action. We're not content to sit back and do things 'the way they've always been done'.

Our OM&M awards testify to the quality of our operations

#### AWARD HISTORY SINCE 1996

**479** State

**99** Regional

**69** National

**10** Local

**22** EPA Regional

**12** EPA National

Arizona.....	26	Missouri.....	14
Arkansas.....	23	New Hampshire..	1
California....	56	New Jersey.....	2
Colorado.....	15	New Mexico.....	96
Florida.....	82	Oklahoma.....	2
Georgia.....	236	Oregon.....	29
Idaho.....	4	Pennsylvania.....	19
Iowa.....	5	Tennessee.....	8
Illinois.....	2	Texas.....	21
Kansas.....	23	Virginia.....	3
Maine.....	3	Washington.....	13
Michigan.....	5	West Virginia.....	1
Mississippi..	1	Ontario, Canada..	2

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**We encourage you to contact our clients!** Client references are given below and fact sheets on these ongoing projects are attached.

Plant Location	Years of Service	Size of Collections System	Size and Type of Plant	Client Reference
Roseburg, OR	31	9 Lift stations	8 MGD Activated Sludge	Mr. Ronald S. Thames General Manager 541-672-1551
Lebanon, OR	34	178 Miles with 4 lift stations	6 MGD Activated Sludge	Mr. Ron Witlatch Engineering & Environmental Services Director 541-258-4202
Ontario, OR	1.5	97.5 Miles with 9 lift stations	3.7 MGD Lagoon System	Mr. Ron Verini Mayor 541-889-3267

In particular, Mayor Verini of Ontario Oregon needed some convincing when CH2M began managing public works for the City in 2014. Now the Mayor is a vocal advocate for our public-private partnership, which was recently recognized by the League of Oregon Cities.



Caption: the Argus Observer, March 29, 2015

Mayor Ron Verini, who was the only one on the Council who voted against CH2M Hill's management of public works, said he's happy with the company.

"I'm absolutely thrilled with the depth of knowledge and the quality of individuals that they have brought to the table," Verini said. "We are still in our honeymoon time, but I think it has helped us as a city to prepare for not only water and sewage but quality of our streets. They are very conscious of doing the best quality work for the best reasonable amount of money."

## League of Oregon Cities Award for Excellence lauds Ontario public-works team

The League of Oregon Cities recognized our client, the City of Ontario, Oregon, with its 2015 Award for Excellence for public-private partnership.

Ontario Mayor Ron Verini accepted the award at a breakfast ceremony Sept. 26 in Bend, Oregon. Ontario is the only city to win the Award for Excellence this year. The award acknowledges innovation and progressive approaches to solving problems and operating city services.

CH2M and Ontario initiated a public-private partnership in July 2014 to perform comprehensive public-works. We operate the city's water and wastewater facilities, collection and distribution systems, and maintain streets, parks and cemeteries. We also handle engineering services,

development and plan review and manage the city's geographic information systems.

Ontario Project Director Cliff Loeper said, "We're happy to serve residents more effectively and to have been recognized this way. We hope other cities can take something away from the unique and beneficial relationship CH2M and Ontario have formed."

Since assuming responsibility for public works in Ontario, CH2M has helped the city achieve substantial performance enhancements and cost savings. For example, by rearranging the organizations of key departments, we enabled staff members to cross-train and support each other. By changing schedules and intervals of street-maintenance tasks such as chip-sealing, we saved Ontario more than \$100,000.

### Contact information

Brian Helliwell, Regional Business Manager

Brian.Helliwell@ch2m.com

(541) 409-3102 (cell)