

CONSULTANT SELECTION COMMITTEE MEETING
APPROVED MINUTES

March 17, 2009

DIRECTORS PRESENT: Erik Henrikson and Dan Wilkins (Committee Members)
Ron Treabess

STAFF PRESENT: Matt Homolka, District Engineer
Tony Laliotis, Director of Utilities
Jim Dykstra, Director of Accounting
Bob Bolton, Director of Parks and Recreation
Ginger Charlton, District Clerk

The meeting was called to order at 7:30 a.m.

1. Public Forum

There was no comment.

2. Potential Funding for "Shovel-Ready" Capital Projects

Mr. Homolka reported that Cindy Gustafson prepared a memo on funding opportunities that are available. He said that the closer to construction a project is, the more shovel-ready it is and the more eligible it will be for most of the funding. He said that there are a few projects on the books already and we need to figure out how to accelerate them and make them look better.

Director Wilkins said that it looks like the District should be able to get about \$3.5 million of non-District funds as long as we have a 1-1 match for it. Staff is recommending that we position ourselves so that we're ready to spend that money this summer. He said that it looked like the money that is coming through the Omnibus Bill is geared for fire protection. Mr. Homolka felt that the inter-connection project might qualify for that money and that some of the other funding might be available for capital projects.

Director Henrikson asked if it's realistic to have the Lake Forest Improvement District on this list since we haven't even taken it over yet. Director Treabess said that the Community Issues Committee held a meeting yesterday with Lake Forest residents and they are ready to recommend that the Board go ahead with the 218 election. Mr. Homolka said that there is a lot of funding available that won't start until next year.

3. 2009 Capital Projects – Design and Consultant Approach

Mr. Homolka said that staff looked at the overall capital plan to see what projects they could get ready for construction this year and next. These fall into two groups. Ones that will be on schedule and projects that are accelerated. He said we need to decide if these are the right projects and we need to begin selecting consultants for them.

Director Henrikson asked how staff will solicit specialized consultants when needed. Mr. Homolka said that staff will research and find names of people that are qualified and send them a request for qualifications. The group can decide to interview or not and do the contract.

Mr. Homolka reviewed the projects and explained the timing on each. He explained how he figured out his budget for the various parts of the projects. A Consultant is needed immediately for the accelerated projects in order to have a reasonable amount of design time, permitting, and CEQA time. If we want to commit to trying to build something this summer, we really don't have time for a process of selection. He said that he would like to sole source the three projects to three separate firms and that the key to getting them ready is to have a consultant who has done this type of project for us before. He recommended the following consultants and gave his reasoning:

Alpine/Edelweiss/Woodland Distribution Improvements – He selected Auerbach because it is primarily a water line replacement project and Auerbach has done the last few water line replacements for us. They are local, know the permitting issues, and work with us very well.

Tahoe-Tavern Well & Booster Pump Station Improvements – He selected Nolte because it is very similar to the last project they did for us. He feels they would be well ahead of the game from any other consultant in terms of knowing what we want in a booster pump station and having all the designs and details in hand.

Highlands Fire Hydrant Projects – He selected Davis or Foster because they are local and have been soliciting work from us. Director Henrikson said that he would like the other businesses in town to be able to go after these projects also. Mr. Homolka said that if we want to move the projects along quickly we don't have time on these projects to cultivate other people. Once we get past these projects, we can go out and cultivate more consultants.

Director Wilkins said that the other way to select consultants would be to pick two or three consultants that we have worked with and feel are qualified and request proposals or a cost estimate from them so that there is still competition in the process. That would take longer and would probably make us not able to build anything on the project this summer.

Director Henrikson asked why we have to do all of the projects because he doesn't want to have to use money that isn't budgeted. Mr. Homolka said that there are other pots of money that will become available and we need to be ready to try for them. Director Henrikson said that he would like us to be eligible for enough money that is out there and not spend more than we need to for the immediate future. Mr. Homolka suggested that the Board as a whole make the decision as to whether to go ahead with all of the projects but to decide at this meeting if his choices are ok in case the Board decides to go ahead. He said that we are talking about accelerating \$200,000 and, given the bidding climate, that is not a ton of money. We may see enough savings in various other projects that that there would be no budgetary impact to the capital at all.

Director Wilkins said that he is putting faith in staff's decisions and asked how the committee felt about the perceived conflict of interest with Auerbach Engineering. Director Henrikson said that he's not a gambler but he probably does support staff's decision, also. He said that he felt a little concern about adjusting priorities so quickly after the rate setting process and taking such an aggressive approach with the state of the economy. Director Wilkins said that whatever action the Board takes, he would like it carved out that these are unique circumstances and there is good rationale on why the action was taken.

Director Treabess said that he feels this is positive because we made a commitment to rate payers that we need bucks and we are doing what we said needed to be done. We are saving money for our ratepayers by doing this both because of the budget and the climate. Director Treabess said that he feels that we have taken care of the perceived conflict of interest and we have to say that it's over and we're ok. Director Wilkins agreed.

4. Draft Technical Consultant List

Mr. Homolka said that he put together the provided list and wanted the Board to start thinking about pieces of information that they would use in making a decision to hire a consultant. He indicated the ones that have recently asked us for work and said that probably everyone on the list would work for us if the project fit. He said that he doesn't know if it is in our best interest to create a formal list to use rotationally for all kinds of categories of work. He said that North Tahoe put together such a list and that process was not a success.

5. Technical Consultant Selection Policy

Tier 1 – staff selected and contracted

Tier 2 – has consultant committee process that is more limited

Tier 3 – involved process

Mr. Homolka provided the current policy and some changes that have been discussed. They reviewed the three sizes of projects and how each would be handled. The Committee said that they would like the small projects to be handled in-house if possible. Mr. Homolka said that whenever that is possible, staff would agree.

Director Henrikson said that when surveying is needed, the District could rotate through a list in order to strike a balance between keeping some competition and developing on-going working relationships. Director Wilkins said that we need to discuss dollar thresholds because staff has authorization provided money is in the budget and could hire someone and just report back to the Committee. Mr. Homolka said that that threshold is currently \$10,000. Anything over that amount will need to come to the Committee and will slow the process down.

When discussing consultant contracts, Director Henrikson asked if the General Manager will still sign them. Mr. Homolka said that the Committee through the Board should recommend who could sign the lower tier contracts. There was a discussion on who should sign the contracts due to the conflict. Director Wilkins felt that it should be the General Manager in general, but Mr. Lalotis and Mr. Homolka could do the ones for Auerbach. Mr. Auerbach asked if there weren't some provisions in the policy that sought to make sure that the General Manager wasn't put in the position to oversee other consultants contracts as well because that could also be perceived as a conflict? Mr. Homolka will talk to Mr. Sexton and come back with a recommendation.

Leave the sole source option open to themselves in all options.

Mr. Homolka led the discussion to the second level. He went over the process and asked for the Committee's recommendations. Director Henrikson asked what the harm would be to approach everyone on our list. Director Wilkins said that a couple of years ago they would do that and get 3 to 6 bites. This year they are getting numerous proposals for each project and the time and effort is exorbitant. He said that he believes that the end goal should be on projects that we are going to be receiving competitive proposals on; we probably want our end goal to have 3 to 5 proposals that are from companies that can do the work. Director Wilkins said that we need to limit the amount of information from each candidate and that one of the main reasons that this committee was formed was to create a firewall that would basically allow Auerbach Engineering to continue to work for the District, Secondly, it needs to be a little more robust so that it is not just a shell of a Committee.

Director Wilkins said that instead of calling this a policy we should call it guidelines because there may be circumstances where we need to deviate from this. Mr. Homolka said that unfortunately this needs to stand as a policy but flexibility can be left to the committee in the language. Director Henrikson said that he wants to leave the flexibility in the policy so that in unusual circumstances we are still working within our policy.

Mr. Homolka said that tier #3 should be for projects \$200,000 and over. He said that he would like to look at the capital plan and then recommend the number. He said that he is pretty comfortable with the direction he has been given at this meeting and will write the language and bring it back for review and comment. Mr. Homolka led a discussion on using low bid as one of the main factors and whether it can be a criterion.

6. Adjournment

The meeting adjourned at 9:50 a.m.

Ginger Charlton, District Clerk

Prepared by Ginger Charlton