

Environmental Quality Committee
November 12, 2013
Summary

Chair Stinnett called the meeting to order at 11:00am. Council Members Stinnett, Mossotti, Gorton, Akers, Farmer, Scutchfield, Clarke and Lane were present. Council Members Myers and Henson were absent.

I. October 8, 2013 Committee Summary

Motion by Gorton to approve the October 8, 2013 meeting summary. Seconded by Clarke. Motion passed without dissent.

II. Energy Investment Fund

Stinnett asked for clarification on the current fund balance. O'Mara commented that the money approved by Council was included in the number presented.

Mossotti asked what EECBG stands for. Bush stated Energy Efficiency and Conservation Block Grant.

Farmer asked about what the initial cost is (Mgt slide 10 year savings bullet). Bush stated the cost to implement the change. Farmer asked about the DAC tune up. Bush said this is where they sense that their control strategy for that building has changed or needs to be reevaluated. Farmer asked for clarification on the green lights. Bush said we currently lease them from KU to maintain. Farmer asked if the resources were available to purchase. Bush stated that this was originally part of the fund balance discussion but did not think it was included. Farmer stated that we should absolutely purchase them.

Akers asked about the Dunbar windows. Bush said Parks requested \$150K from fund balance to replace the windows. He has not seen the quotes but feels they would be replaced with a more modern double paned window. Akers asked if they were funding the HVAC? Bush stated that they are coordinating their efforts and will have to go through a bid process. They do know that replacing it will improve efficiency in that building.

Lane asked the ideal criteria in the management sheet, specifically how we verify what the costs of operating different components of a building are and what we will save. Bush explained that there were four different methods ways, the first a whole building approach, prescriptive, data logging or building simulation. It depends very much on the project and is one of the things decided up front. Lane asked if they were able to pull utility information and how much information they were able to get from our current accounting system. Bush said quite a lot and elaborated on some of the information received. Lane asked how frequently they look at the operating cost on different buildings. Bush said he gets a

monthly batch file from the utility companies on all 84 accounts monthly to review and investigate as needed.

III. Change Order Amendment CAO 15R

Vernon Azevedo provided an overview of change orders, the current process and the recommended modifications to CAO policy 15R. The Division of Water Quality recommends the following approvals:

Tier 1: 5.0% Cumulative Contract Award
-RMP or Construction Manager

Tier 2: 5.1% to 10.0% Cumulative Contract Award
-RMP/Construction Manager/Directors of DWQ & Purchasing

Tier 3: >10.0% Cumulative Contract Award or >\$1,000,000
-LFUCG Council

Time Extension: RMP Manager and Director of DWQ

Mossotti asked if we could reduce the number of change orders if we didn't always choose the lowest bidder for projects. Slatin commented on the bid process, stated that approximately 95% of our bids are awarded to the lowest bidder but there are times when they choose the best value option, but disagrees that selecting the lowest bid results in more change orders. Martin added that change orders are directly proportional to the quality of the plans and specifications as advertised. There are occasions where companies may attempt to low ball them, part of the review process is to identify huge outliers.

Lane stated that he didn't normally feel that he had enough information to approve the basic contract or change orders because he was not part of the selection process. He tried to base it on track record, etc. He feels that council does not receive a lot of details for change orders that come forward for approval. He thinks the policy is good. Suggested that under item #1, would like the cover memorandum to be prepared by the person that drew the original plans. He would also add that a copy of each document would be provided to CMs.

In follow up to Mossotti's question, Akers asked if we are sure we include everything when we create RFPs or RFQs so that the bids received are accurate. Vernon agreed with Charlie that there is a direct relationship between the quality of bid documents, contract documents. The better job we do on design and management throughout the process reduces the potential for change requests and change orders. Martin added that sometimes it is not a factor of the quality of work that the design engineer did but a factor

of our desire (Council or Administration). A sidewalk could be in bad shape so someone asks, can you replace, add handicap ramp, etc. and solving additional problems while we are already there and results in a change order.

Scutchfield suggested that the updates be sent to Council periodically so that they did not have several places to look (online, etc.). She asked if 10% was what other cities typically look at. Azevedo commented on what other entities do. The major difference between others and Lexington, is that the Division of Water Quality is a division of government and others are not, they are utilities who go to their governing body.

Clarke asked if this would apply to all change orders in the government, not just water quality of consent decree. Hamilton said that the initial plan was to only do this for remedial measures items. The reason being is that Internal Audit recently did an audit on change orders and pointed out that we needed to strengthen what was being reported to Council. They want to start here and see how it works before changing the change order process for all of government.

Motion by Mossotti to support the Division of Water Quality recommendation on the change order process for remedial measures only. Seconded by Scutchfield. Motion passed without dissent.

Lane added that he is hopeful that his changes can be included but no motion was made for this.

IV. Climate Adaptation Follow Up

Scott Shapiro provided an update from the Administration on the presentation at the last committee meeting where they were asked to look at the resilient communities of America agreement. Shapiro said they met with several departments and it seems clear to the Administration that it is not necessary to sign this agreement because the city seems to be making very good progress in these elements. There is one section that requests the city to take over something which we have no control over and they are concerned about that. FEMA has guidelines that we are following currently.

Stinnett asked why it would not be appropriate to sign it if we are already doing it anyway. Shapiro said there were some concerns over energy security, they asked for movement on an issue that the city has no control over.

V. Monthly Financials

Schoninger asked O'Mara about the Sanitary Sewers Construction Fund. It appears that there is a negative balance. Is it safe to assume that a rate increase be proposed. O'Mara stated that he would not assume that at all. They have been fortunate with grant funding,

cash reserves and are working closely with Martin and his group on cash flow analysis. We do not want to borrow money or have rate increases until we have to pay the bills.

Stinnett asked for an update on the KIA loan process. Martin said he has been requesting the loan documents from KIA and delivered commitment documents for three of the loans yesterday. Council should see blue sheets on those very soon. The goal is to get the binding agreement letters in place in time for the last meeting on December 10, 2013.

VI. Items Referred

There were no changes or additions to the items in committee list.

Motion by Gorton to adjourn. Seconded by Scutchfield. Motion passed without dissent.