

**AGENDA FOR COUNCIL MEETING
KLAMATH FALLS CITY COUNCIL
MAY 2, 2016
7:00 P.M.**

Matters for Council consideration not scheduled on the Agenda can be addressed by the general public under the “Public Comment” section on the agenda. Testimony must be presented according to Council procedure. Items of a non-emergency nature may be scheduled for future Council determination in order to provide sufficient time to analyze the issue.

CALL TO ORDER AND ROLL CALL

PLEDGE OF ALLEGIANCE

PUBLIC COMMENT

1. CONSENT AGENDA

- a. Approval of May 2, 2016 agenda and April 18, 2016 regular meeting minutes
- b. Third Quarter Analysis of the 2015-2016 Budget

LAND USE PUBLIC HEARING - QUASI JUDICIAL - NONE

LAND USE PUBLIC HEARING – LEGISLATIVE - NONE

GENERAL PUBLIC HEARING

- 2. NONE**

LEGISLATIVE ACTION

3. AWARD OF CONTRACT WITH HDR TO PROVIDE OWNERS REPRESENTATIVE SERVICES FOR THE SPRING STREET SEWAGE TREATMENT PLANT PROGRESSIVE DESIGN/BUILD PROJECT IN THE AMOUNT NOT TO EXCEED \$836,246

- a. Report of Wastewater Manager
- b. Move to authorize City staff to enter into a contract with HDR to provide Owners Representative services for the Spring Street Sewage Treatment Plant Progressive Design/Build Project in the amount not to exceed \$836,246

4. ORDINANCE AMENDING SECTION 6.645 RELATING TO PARKING ENFORCEMENT ON PARKING LOTS OPERATED BY THE CITY – FIRST READING

- a. Report of City Attorney
- b. Take public comment
- c. Move to introduce the Ordinance by title for first reading

5. SOLE SOURCE PURCHASE OF LED COBRA HEAD FIXTURES FROM NORTH COAST ELECTRIC IN THE AMOUNT OF \$155,390.75

- a. Report of Maintenance Manager
- b. Move to authorize a sole source purchase of Holophane brand LED fixtures from North Coast Electric in the amount of \$155,390.75

6. REQUEST TO FORGIVE OUTSTANDING CITY LIENS ON THREE COUNTY-OWNED

- a. Report of Management Assistant
- b. Move to Approve the Forgiveness of Outstanding City Liens for Three County-Owned Properties; 2004 Orchard Avenue, 1919 Tunnel Street, and 530 N. 8th Street

OTHER MATTERS

ADJOURNMENT TO EXECUTIVE SESSION - ORS 192.660(2)(e) - Real Property and ORS 192.660(2)(h) – Consultation with legal Counsel

The City Council may recess/adjourn to Executive Session under ORS 192.660 as follows: ORS 192.660(2):

- (a) - Employment of Public Officers, Employees
- (b) - Discipline of Public Officers and Employees and Agents
- (d) - Labor Negotiations
- (e) - Real Property Transactions
- (f) - Exempt Public Records
- (g) - Trade Negotiations
- (h) - Consultation with Legal Counsel
- (i) - Performance Evaluations of Public Officers and Employees
- (j) - Public Investments

*****AMERICANS WITH DISABILITIES ACT NOTICE*****

Please contact the City Recorder's office, Klamath Falls City Hall, 500 Klamath Avenue, Klamath Falls, OR 97601, or call 541.883.5316 at least 48 hours prior to the scheduled meeting time if you need an accommodation to participate in the meeting. The City's TTY/TDD number is 541.883.5324

MINUTES
KLAMATH FALLS CITY COUNCIL
April 18, 2016

A regular meeting of the Klamath Falls City Council was held in the Council Chambers on the above date at 7:00 p.m. Mayor Todd Kellstrom called the meeting to order.

Council members present: Councilman Matt Dodson
Councilman Dan Tofell
Councilman Bud Hart
Councilman Bill Adams
Councilwoman Trish Seiler

City staff members present: Nathan Cherpeski, City Manager
Joanna Lyons-Antley, City Attorney
Susan Kirby, Support Services Director
Mark Willrett, Public Works Director
Dave Henslee, Police Chief
John Barsalou, Airport Director
Ryan Brosterhous, Police Captain
Scott Souders, City Engineer
Kristina Buckley, Assistant to the City Recorder

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was recited

PRESENTATION OF SERVICE AWARDS.

Mayor Kellstrom presented Klamath Falls Police Department Corporal Christopher Zupan with a Service Award in recognition of his 10 years of service to the City of Klamath Falls.

PUBLIC COMMENT

Mayor Kellstrom opened the public comment.

Avear Levitt. Mr. Levitt stated he represented project Clean Air and he felt it had come to the point where the project had become greater than him and he could no longer effectively go forward. He asked Council for assistance in bringing project Clean Air to the world. Mayor Kellstrom suggested Mr. Levitt seek assistance from an economic development organization as a first step. Mr. Levitt apologized in taking a long period of time between reports to Council but he had made some errors.

Ed Silling. Mr. Silling stated he was speaking on behalf of preserving the Balsiger building. There was a lot of myth surrounding the building itself and one of the myths had to do with the condition of the building; however, the more important topic was there was an either/or situation or a win/lose situation. The building had to be eliminated before there could be development in town and there were many people who did not agree with that position. He further stated that, on behalf of the Friends of the Balsiger, they rejected the idea the Balsiger and development was totally incompatible. He noted he did not oppose development but believed preservation would make development more likely. He knew Council would do the right thing because Council already promised to do that and read Council's vision statement, "The City of Klamath falls is a vibrant, cohesive community built on a strong economic base, which balances urbanization with its existing historic character and values."

Nabil Taha. Mr. Taha stated he was a licensed structural engineer and that the Balsiger consists of three parts. He told the owner one portion would collapse and the front portion of the building needed "TLC." He further stated he had the drawings for repairing the front portion; it was worth saving and was doable and could be done and demolishing would be bad idea. He had visually observed the building and in addition had the drawings and reiterated the building was reparable; it was doable and was not in as bad a shape structurally as had been posed to Council. Mr. Taha requested Council give the community a chance to repair the building because there were many people who could develop grants and proposals.

He was not against an apartment complex but he wanted the chance to save the building and he challenged anyone who had a different opinion to discuss it with him but the conclusion he had, came from the computer and he had those results. Councilman Dodson stated Council was never lead to believe it was not doable; however, the question was how much it was doable for and with the developer the City had been working with, it was doable for too much so that needed to be addressed. Mr. Taha rebutted the statements of the building is collapsing and is going to fall on somebody were not true. The roof is in disrepair but if two support columns were installed, the roof could be saved. The cost for the columns would be \$2,000 to \$3,000 to place them under the roof then the building will be safe until estimates could be prepared for repair of the building. Councilman Tofell stated he kept hearing "we" but he asked who was going to "step up: with a checkbook to save the building." Mr. Taha responded he visited the building and if \$2,000 to \$3,000 was spent to put in two temporary columns, the roof could be made stable. The walls are beautiful and he did not see any measure of cracking in the four walls of the building. He continued to state that there are repairs that need to be done but nothing is collapsed except the back section and there is a wall that is standing free. The building is savable and if we save the roof we will be in good shape. Councilman Adams stated Council's understanding is there have been several windows breaking and the understanding was the walls and structure are settling and that it was not stable. Mr. Taha explained that when windows get older they become brittle and some shifting occurs with all buildings over time.

Kevin Alexander. Mr. Alexander asked why Council was in such a rush because if it is such a good decision today then it will be a good decision next year or the year after that. He stated nobody knew Council was going to do this and asked why there was not a community effort. The Balsiger building is a rare and unique building and if the City was ever going to rebuild downtown it would need interesting buildings to draw people there; whereas, if the buildings were all the same there would be no draw. The Balsiger is an asset to the community and has been featured on postcards, websites, etc. Councilwoman Seiler stated she had worked on the project for four years along with the Director of South Central Oregon Economic Development Department (SCOEDD) and together they received

a \$10,000 grant from the Downtown Advisory Committee (DAC) to perform a feasibility study. The results of that feasibility study went public several times in the news and in the newspaper as well as information in the media and on the City website all through this process. She asked, "Where were you four years ago?" Mr. Alexander responded he had not seen those and asked how much is too much money. He asked if Council had estimates and stated the community would be more willing to accept a number so perhaps \$3,000 or \$50,000 or some dollar amount but until that number was known they would question it.

William Huntsman. Mr. Huntsman stated Dwight Unti said the City will need to contribute between 18% and 24% of the project cost; a wonderful investment except the City will have to contribute \$3 million along with providing assistance with permits, entitlements and no taxes, etc. Mr. Unti also said the development would help spur revitalization downtown and last October [Assistant City Manager] Joe Wall and [Planning Director] Erik Nobel said utilization of existing infrastructure like the Balsiger was vital to revitalization. Using the CCLR's figures, \$3 million the City would be spending on the facility could generate \$18 million in money for the community. He further stated it was ironic that the feasibility study, paid for by a \$10,000 grant, and a reuse revitalization program have one thing in common; they both featured the Balsiger in their documents. He asked the City Council to reconsider the Balsiger; to relook at the return on public funds because to destroy the Balsiger would be destroying the greatest fundraising effort the City has ever known. The community had done it before and it could be done again as was done with the Ross Ragland Theater.

Margeaux Huntsman. Ms. Huntsman asked how, with the average income of Klamath Falls residents at \$32,000, Klamath Falls could support a luxury apartment rate that will supposedly revitalize the area. There is a Tokola project similar to Klamath Falls taking place in Forest Grove and it is proposed at \$15.5 million. Forest Grove is similar in size to Klamath Falls and facing the same issue downtown. Their city will spend over \$2 million in public funds in addition to \$1.2 million they have already spent on their site for demolition cost. The project in Forest Grove involves an old printing plant that has no significant/historical value. Even Forest Grove's

Planning Commission Chairman Tom Beck disagrees with the idea that the Tokola development is the first step in growing Forest Grove's downtown and was quoted as saying, "This project will not solve any of the significant problems that Forest Grove faces to build its downtown or any part of the city commercial area, such as bringing us The Max, nor improving truck access from Hwy 26, nor finding a tenant for the many empty retail spaces we currently have in Forest Grove." She stated he could have written this for Klamath Falls because it hits our concerns clearer. If the shops downtown are not fully occupied, then what makes Council think the retail spaces in the Tokola development would be occupied. Mr. Dwight Unti does not live in Klamath Falls, the community is in Klamath Falls and cherished the history and wants to preserve it. She requested Council rescind the decision to demolish the Balsiger building as it will attract the curious from all over to discover and marvel about how the community came together to save a historical building and that will revitalize the downtown corridor. Councilman Dodson stated Mr. Unti is a property owner in the City so he is invested in the community also.

Marge Balsiger. Ms. Balsiger stated she believed the decision Council made on behalf of the citizens of the town was a travesty. Our City is in trouble. Look around and please be realistic. Council is putting the cart before the horse by tearing down part of history without an existing, realistic contract for a new development. Just as Lowe's, Sonic, etc. backed out of starting businesses in Klamath Falls and existing businesses are moving out at a rapid rate. She felt we cannot assure a developer a certain future of success so we demolish a building with an architecture that has been talked about and admired as far away as New York City and the City of Klamath Falls was an extraordinary city. Her father in law built the Balsiger building, brought Ford Motors to the town and served the community with dignity and honesty and built a beautiful building. She rhetorically asked what the City was going to have left. There would be a slab of concrete and underneath that concrete, who knew what lies beneath it. She noted Council could not even put a park there if the contract fell through. She further stated she was one of many who were asking for the correct course; to restore the building and noted the group understood the rest of the building could be developed if that was what Council wanted to do but she asked Council to please not demolish the whole building, leave the front.

Once it was done it was done and there was no turning back and if that happens, shame on Council.

Terry Kissel. Mr. Kissel stated he greatly appreciated the ability to bring the community's voices before Council and noted he had been working out of town the last three years so he was a little behind the times. The renovation of the former Esquire Theater into the now Ross Ragland Theater was a brilliant reuse/rehabilitation of a building and it is now an outstanding venue. Many remember the theater was a beautiful building at that time that fell into disrepair and there was no group of citizens to band together to save it but there is now with the Balsiger. The community had seen many properties purchased downtown and turned into parking lots and he implored Council to reconsider their decision. He noted he did not have the ultimate answer as to what it would become but with a dedicated group of volunteers working to restore the building it could be done. There had been several ideas as to what could be in the building where many have tried and failed but he hoped something else comes along. He suggested that with a dedicated group that had come together, it was possible. He requested Council not be hasty in demolishing the Balsiger building.

Ron Crete. Mr. Crete expressed appreciation to Councilwoman Seiler for briefing him in the past about the work she has done on the Balsiger because those conversations were influential in his original dream of the building becoming an art/cultural center. He agreed that a portion of the Balsiger needed to go to some extent but there were other options than accepting scavenger proposals from Portland for building a set of buildings that would have additional retail and housing. He recently visited Frontier Town in Scottsdale, Arizona but, while the City did not have that City's type of money, when you walk around that area in Scottsdale you begin to see what could happen if we could have any area for sales of art supplies, cubby holes for kids to take art lessons, pottery making, etc. There is a museum nearby and three relatively expanding food businesses right there as well. He recommended Council set up a citizen committee to look at options and maybe a 90 day window of conversation within the community. He was willing to co-chair that committee.

James Leary. Mr. Leary stated he was a representative of Vonics and stated he would like to partner with the coalition to save the Balsiger building. If the City would partner with Vonics to get project Clean Air up and going, they will fund 100% to get the Egyptian building up and going.

G.G. Thompson. Mr. Thompson stated that he talked with Nathan about a year and a half ago who told Mr. Thompson that the building was twisting in on itself but it is not. The windows might be popping but they could just be losing strength. The building was designed to hold cars on top of it and he thought they did an awesome job at the time but it is a structurally sound building. It is not going to fall down. The Ford Foundation finds funds for things. When he was looking at the building a week or so ago, a guy was walking by the building and was talking to himself and no one is going to build where people like that are. Go to these foundations, get it in private hands, and get it out of the City's concern. A private developer could build something there for 1/3 of the cost the City could build. He further stated a lot of these homeless people are potential artists and we can work with these people and help them at the same time. When you get a civil engineer to say the building is falling down but the structural engineer says it is not he would believe the structural engineer. The front end of the building is a superb, structurally sound building. He asked Council not to tear down the heritage; don't tear down the history but do something proper.

Darla Silling. Ms. Silling stated that she and her husband Ed Silling had attended the Council meeting two weeks ago when Council voted to demolish the building and Council was very sorry and sad to make the decision. Since that meeting they have had nonstop calls from the media they collected 250 signatures from people who say they want to save the building. The news that the building is structurally sound is good news that the City does not have to go forward with the demolition. She and her husband had been inundated with phone calls with the first from Restore Oregon. Their statement is that Restore Oregon is very concerned about the proposed demolition of the Balsiger building in downtown Klamath Falls and they urge the City Council to rescind its decision to destroy the historical building, which they believe to be eligible for the National Register of Historic Places. She further stated there are grants available.

George Kramer with Preserve Oregon entirely agreed with the premise this is not an either/or situation with the removal of the Balsiger building. That may be the case for the developer the City is currently negotiating with but there are plenty of skilled developers in Oregon who are familiar with these sorts of projects that mix new and old and have a far greater potential of developing downtown.

Kendall Bell. Ms. Bell stated there had been discussion and meetings and studies at the Balsiger site for years and no one came forward to champion an effort. At a fall presentation workshop George Kramer gave a great presentation for saving the Balsiger and the room was filled; again no one came forward to lead an effort to save the building. Her thought was the City had grieved the building and was ready to let it go, with great reluctance. She met with the Friends of the Balsiger and she strongly urged Council to ensure they had a comprehensive plan for what they planned to do with the building and the property to make sure it was turned into a vibrant hub that is so needed for that end of Main Street. It is too important of a block to remain blighted and neglected. She mentioned Tokola Properties had won awards for strategic placement of their developments and how they revitalized areas. Klamath Falls has a few empty storefronts and the concern is justifying building more. With more people living downtown, more will be there shopping. That's a proven model and one that she believed in.

Mike Angeli. Mr. Angeli stated Klamath Falls has a rich history of buildings of which he had one and there were many that are being preserved. The Balsiger building had that rich history. It has an Egyptian revival façade on a portion but not all of it. Unfortunately the caretakers abandoned it to the elements and all things at some point reach a point of no return. The Balsiger had numerous individuals who spent time and resources to find a solution; however, the cumulative found the Balsiger must step aside for the next era of business. Part of the Balsiger was the original Pelican Hotel. It met its untimely demise by fire but it had historical value as well and he would love to see it brought back because it was where his grandparents met but both buildings represented significant eras in Klamath history; both had their peaks and their ends. Demolition would pave the way for new birth and new prosperity with an extremely

stressed economy downtown. Klamath Falls has missed opportunities for prosperity because of lack of forward thinking and fear of trying something new. Klamath Falls is at a tipping point again to achieve something great. We have a combined energy of residents, businesses and government seeking similar goals together; something that has not been common in years. Any hesitation in demolition could damage the efforts everyone has been working on for years. We built a Downtown Association that over the last few years has made strides forward, City Council has made strides forward, and the town is moving in a positive direction and things are starting to happen finally but if we stop this process we could fall back a decade or more. It's time to move on and move forward.

Allison York, Windermere Realty. Ms. York stated she was raised in Klamath Falls and can appreciate what has happened. She was also saddened by what has happened. When people come to town and she drove them past the Balsiger building it was a major problem. It is hard to recruit families. She heard the hesitation tonight from Council's decision and if the building is left in its same condition it will put the brakes on people wanting to come to town. She further stated there is an individual who is interested in investing a tremendous amount of money in our town and when she spoke to him he has his own ideas and visions and it is exciting. There are neat things happening in our town right now and if we can bookend it on both ends of town then we can possibly push that influence. She noted she backed Kendal Bell's statement completely in support of a decision to demolish the building. Councilman Dodson asked how much demand there was for a space like the Balsiger of that amount of square footage even though it could be divided into smaller spaces. Ms. York responded there was no real demand for that and none for that location. The building has been on and off the market for at least five years that she could remember. Whenever she has someone call to inquire about the cost to rehabilitate the building she responds it would cost more to rehab the building than to start anew. She noted there are other buildings that need help and attention such as the Arcade building. There are a number of properties that have been neglected over the years. There is a shortage of nice housing in Klamath Falls and no condominium living to offer. Councilman Hart asked her to address comments made about Tokola looking to construct high end apartments that nobody could afford in

Klamath Falls. Ms. York stated at first she was nervous with use of the words "high end" but stated it meant there would be some nicer features such as solid surface countertops, etc. Nice housing done right.

Maggie Porter. Ms. Porter stated there are a lot of towns that flourish that have historical buildings or historical looking buildings. The town prides itself on its historical effectiveness. She understood a lot of the downtown needs more attendance but she also felt there is an opportunity to make that building one of those attractions in at least keeping the front part. Retail stores are not interested in purchasing it but in places such as Jacksonville it can lead to stores who would be willing to build around it and making it a centerpiece. It is completely possible with keeping the front portion of the building. She noted it is a spectacular part of our culture.

Betty Riley. Ms. Riley stated she worked with Councilwoman Seiler for over a year in trying to restore the building but when approximately 10 engineers walked through it and went into the basement and saw the basement was disintegrating that was when she started seeing quotes of \$2 million and \$2.5 million to make it seismically safe. Because the foundation or building itself is not reinforced it would be basically a rebuild even if it was restored to look the way it is. She referred over 10 different businesses and people who might possibly want to walk through it and they all brought their own engineers and they all walked away saying it was not something they were willing to invest in. The Balsiger building is not something the private sector is willing to invest in as it stands.

Councilman Hart stated it seemed there was some kind of conflict when he heard that the place where the Egyptian features were strong that you cannot knock it down and save one of the murals or features and yet it was unstable, which seemed like a conflict and he requested the City Manager address that. City Engineer Scott Souders stated he was not a structural engineer but a civil engineer and that he had been associated with the building over the past several years. The building, to his knowledge, had issues associated with lateral resistance, gravity systems and lateral systems. There were ways to retrofit buildings that way but they were very expensive. Back in 2003 Nabil Taha's firm put together some plans

preliminarily to do some seismic retrofitting following that Mr. Souders did not think any of those measures took place. In 2007 the Herald and News looked at purchasing the building and had engineers walk through it and they decided not to move forward with it at that time and moved somewhere else. Ironically, the following year in 2008 was when the building had the major collapse and a significant portion of the building came down. That portion had lateral cracking. The retrofit plans had measures to repair those and to date none of that had taken place other than the collapse of what was there. In 2012 there was significant effort by the local community to try to retrofit the building and those efforts failed so now it was 2015 and Council and the City were facing the exact same situation. He reiterated he was not a structural engineer so he did not know exactly what it would cost to retrofit/fix the building but it would be extremely expensive. Councilman Hart stated his understanding was it was cost prohibitive to try to save one of the Egyptian figurines because the concrete was so strong and yet the building was unstable. Mr. Souders explained the figurines were in solid concrete so it was extremely expensive to try to save one; however, it was unreinforced concrete so the concern was they could fall/collapse as they were unreinforced but to drill and carve through the solid concrete to preserve one of the figurines was extremely difficult.

Patricia Burks. Ms. Burks stated she had not been a long time resident of Klamath Falls but she sees historical significance in the Balsiger building. It had been stated there have been many private investors who have looked at the building, estimated costs to restore and decided not to restore, etc. Individual investors are looking for profit in the form of money and that is as it should be. What the community is looking for is a profit that brings money to the community but also culture and history. Should the building be saved and named onto a national registry mentioned before, there is more possibility of getting grants and other money that would not come from the government itself. She mentioned she came from a community in Lodi, California and they had revitalized their downtown and a lot of the restoration went on with the grass roots community working together. She hoped Council would see the difference between what a private investor is looking for and what the public/citizens of the community are looking for.

Avear Levitt. Mr. Levitt stated Vonics is looking for a place to start their project and business and he asked if there was 2,000 square feet of safe space. If so they would like to start their business there and they have allocated \$1.7 billion for restoration for the downtown and asked if that would be enough. He requested holding off on the demolition for 60 days. He noted he knows what it is like to be on a project and not have "an out." They would be happy to go into that building and would like project Clean Air for the Egyptian plaza.

Hearing or seeing no one further, Mayor Kellstrom closed the public comment.

Councilman Adams stated Council received all types of promises and he would really like to see some money. If they were serious, then find someone with some money and bring the money to the table. He saw many people talking about money but he did not see any. Council seemed to hear this from a lot of people. If they were interested in doing something for the community then bring some money and take on the project.

1. CONSENT AGENDA. Councilwoman Seiler moved to approve the Consent Agenda as follows: Approved the Consent Agenda for April 18, 2016; Approved the April 4, 2016 regular meeting minutes as amended. Councilman Tofell seconded. The motion carried unanimously with all Council members present voting aye.

LAND USE PUBLIC HEARING - QUASI JUDICIAL

There were no land use public hearing quasi-judicial matters.

LAND USE PUBLIC HEARING - LEGISLATIVE

There were no land use public hearing legislative matters.

GENERAL PUBLIC HEARING

2. RESOLUTION ADOPTING A SUPPLEMENTAL BUDGET FOR FISCAL YEAR 2015-2016 WITHIN THE FOOTPATHS/BICYCLE TRAILS FUND, AIRPORT FUND, DOWNTOWN MAINTENANCE DISTRICT FUND, PARKS FUND, STREETS FUND, AND STREET

LIGHTING FUND. Support Services Director Susan Kirby reviewed her written report. Councilman Dodson asked to clarify that the rebalancing was because of a transfer to the General Fund and not because of extra projects or unforeseen costs. Ms. Kirby responded that was correct, that Finance had to “true up” the numbers due to the transfers.

Mayor Kellstrom opened the public hearing. Hearing or seeing no one, he closed the public hearing.

Councilwoman Seiler **moved to introduce the Resolution by title.** Councilman Dodson seconded. The motion carried unanimously with all Council members present voting aye. City Manager Nathan Cherpeski read the Resolution by title.

Councilwoman Seiler **moved to approve the Resolution.** Councilman Dodson seconded. On **Roll Call, Resolution No. 16-03** was approved with Councilman Tofell, Councilman Dodson, Councilman Hart, Councilman Adams, and Councilwoman Seiler voting aye.

LEGISLATIVE ACTION

3. AUTHORIZATION TO ENTER A CONSULTING SERVICES CONTRACT WITH FOUNDATION ENGINEERING, INC. FOR BALSIGER BLOCK GEOTECHNICAL WORK IN AN AMOUNT NOT TO EXCEED \$24,610. City Engineer Scott Souders reviewed his written report. Councilman Dodson asked if the geotechnical work had to be done before the demolition was done because it proposed utilizing rubble from the demolition as infill and corresponded with the timeline presented at the previous Council meeting. Mr. Souders responded there was a substantial amount of concrete in the basement level and only the super structure up would be removed so the recycled materials would be considered for infill of the basement itself. The timeline he could not speak to as far as it could be done now or in the future; however, the value of the information obtained in the report would aid the developer in determining what it would cost to develop the property so the sooner the report could be completed the quicker the developer could do the evaluation portion of his work and the developer was limited on timing for reports to the City. Councilman Dodson asked if performing the geotechnical work would slow down demolition. Mr. Souders responded he did not think so because the demolition portion of the work was relatively independent of the

geotechnical work because the information that would come from the geotechnical was for recommendation for the basement itself and the demolition would only bring the super structure down to grade level. Councilman Hart asked if the rubble from the demolition could be used to fill the basement. Mr. Souders responded there were several windows in the building and it had a timber roof so there was not a great deal of value for infill.

Councilwoman Seiler expressed concerns about potential groundwater and infiltration and the lack of testing for that. Mr. Souders stated there was groundwater in the majority of buildings downtown so many of them had sump pumps. The Balsiger property had three sump pumps in the basement currently and the City intended to keep them active. The contractor would dig test pits to test the static level of groundwater and use that to determine the impact on the project.

Councilman Dodson asked if stormwater retention would be required on the site and if not, if the City's stormwater system was able to handle additional capacity. Mr. Souders stated onsite stormwater detention was expected typically and there would be no negative net impact on the downtown stormwater system as there would be nothing different or out of the ordinary at the site. City Manager Nathan Cherpeski stated most of the site was already paved so its impacts had already been in existence there for some time.

Councilman Adams stated he had a problem with the potential new development at the site when it was not in the best interest of the public to subsidize a project at \$2 million to \$3 million when the City just ended an Urban Renewal District because people did not want taxes taken away from the other taxing districts. So while he believed the building needed to come down he was not sure he was interested in proceeding with spending more money because the money was not there in City funds to expend on the project. He noted he was not aware the Tokola project was dependent on approval of another Urban Renewal District and he was leery about depending on another Urban Renewal District. He was unsure the City had support even though it was needed from the other taxing entities to establish another Urban Renewal District. Other cities in the state of Oregon when contemplating Urban Renewal Districts put it to a vote of the public and further, he was unaware the Balsiger site was contingent upon a new Urban Renewal District.

Councilman Tofell stated he had concerns as well but he was going to address the entire issue. For 30 some years he had driven by the corner where the Balsiger was and watched it get worse and worse every year. The City had a possible developer for that corner and at this point in his life; Councilman Tofell would like to see something done with that corner. He would support it and, perhaps, it would not come to fruition but he would support it. He noted there were other buildings in town that could use support in the future and the City had no guarantees on the Tokola development but it was the best chance the City had on the corner in many years and he would support it.

Mr. Cherpeski explained Urban Renewal would be the easiest way to do it but Council could dip into their one time Escrow Fund if they wanted to fund the project. Staff had indicated the other entity would partner in it, which was why the Urban Renewal would be helpful. He had met with other taxing entities per Council's direction and he was of the impression they recognized that area was one that was not committing generally to the community at its full potential. He met with the community college representative and had an upcoming meeting with the County and the districts they represented but he thought everyone recognized the necessity of the area for improvement. He further stated the Assessor had information that could potentially change the frozen base as well so he was still working on that. Additionally, all representatives he had met with thus far would be willing to serve on an advisory group that would help decide where the dollars for urban renewal would go. Councilman Hart stated he did not want to be argumentative and perhaps he perceived things differently but he originally thought the new Urban Renewal District would focus on the industrial areas of town and the Balsiger seemed to be another commercial development that was added into the other Urban Renewal District even though it was not industrial. The Balsiger property was commercial and it seemed to become the "tail that was wagging the dog" on urban renewal. Mr. Cherpeski stated the Balsiger was more of the engine that might fund the rest of the district because the district would need projects to move it forward and the possible development was something that might drive some of the TIF to drive the other areas.

Councilman Dodson stated it was good to have the discussions and analyze everything and it was nice people showed up to look at the big picture of the Balsiger property. He thought the cost had been discussed at length but Council kept pushing forward with purchasing the Balsiger

property, approving the demolition of the Balsiger building and now was not the time to get cold feet. Mostly because the geotechnical report would be valuable to whoever wanted to develop on that property. It would answer how to build on the ground and what it would take to develop; amongst other questions for someone in the future if Council approved the item.

Councilwoman Seiler supported Councilman Dodson and Councilman Tofell in their comments. The community could not afford to stall any further and could not afford to pass up an opportunity for outside investment, which the proposed item would assist with in helping revitalize the downtown core and creating a more welcoming entryway to the downtown. She had great plans for the property and they did not work out but sometimes that was just how it worked. The opportunity the City had to work with Tokola Properties was something that did not come along every day and certainly was not something the City could afford as a City. The City did not have the funds. Her pragmatic side said the building needed to come down and make way for a new era and until that happened, until that visible change in that property happened, the City would not present its best face to the people who came to visit. She regretted that the City had to take the building down but she did not see any other option after so many years of study and talking to people. She further stated the plans that were suggested by some of the earlier speakers were not realistic and she noted she was saying that from a professional grant writers' opinion. She did not think the dollars were out there in the nonprofit or foundation sector for rehabbing the building and repurposing it so she would vote to support the item.

Councilman Hart stated he came to the meeting prepared to vote against the item as a way of voicing his feelings about an Urban Renewal District and he had his mind changed by Councilman Dodson and his statement of the City needed the geotechnical report whether the City moved forward with Tokola or if it went in some other direction so he would be voting in favor.

Councilman Tofell **moved to authorize execution of a Consulting Services Contract with Foundation Engineering, Inc. to complete Balsiger Block Geotechnical Work in an amount not-to-exceed \$24,610.** Councilman Dodson seconded. The motion carried with Councilman Tofell, Councilman Dodson, Councilman Hart, and Councilwoman Seiler voting

aye. Councilman Adams voted no.

4. RESOLUTION APPROVING A TRANSFER OF APPROPRIATIONS FOR FISCAL YEAR 2015/2016 WITHIN THE DOWNTOWN URBAN RENEWAL FUND AND GENERAL FUND.

Support Services Director Susan Kirby reviewed her written report. Councilman Adams asked why at the "early stage in the game" the City had to put a new roof on the South Portal building when it had a new roof put on it at the time the building was done and that had not been that many years ago. City Manager Nathan Cherpeski responded there were two parts to the South Portal building; the part the City called South Portal and the part Cal Ore rented. The part over the Chamber and all the rest on the South Portal side was replaced. The other part was not and so recently it was learned City staff had been "chasing leaks" on the Cal Ore side constantly. There had been several roofers on the roof on the Cal Ore side of the building who all stated the roof was "worn out" and needed to be replaced. Councilman Dodson asked how many years of rent it would take Cal Ore to pay for the roof. Mr. Cherpeski responded it would take approximately five years. Councilman Dodson stated he thought South Portal had a reserve fund. Mr. Cherpeski stated that was what the transfer was from; it was the \$50,000 that was going to come over as reserve. Councilman Dodson noted it had taken a decade to generate the money and the City was going to spend it on something that was not done initially. He noted all of the air conditioners and heaters were getting older as well and hopefully the City could start working to make the building self-sustaining.

Councilwoman Seiler **moved to introduce the Resolution by title.** Councilman Adams seconded. The motion carried unanimously with all Council members present voting aye. City Manager Nathan Cherpeski read the Resolution by title.

Councilwoman Seiler **moved to approve the Resolution.** Councilman Adams seconded. On **Roll Call, Resolution No. 16-04** was approved with Councilman Tofell, Councilman Dodson, Councilman Hart, Councilman Adams, and Councilwoman Seiler voting aye.

Councilman Dodson noted the City needed to fix the roof because everyone had seen what happened when roofs did not get fixed in the community. He reiterated the City did not charge enough in rents at the South Portal but the roof needed to be fixed.

5. PURCHASE OF TASERS FROM TASER INTERNATIONAL INC. IN THE AMOUNT OF \$49,870. Police Captain Ryan Brosterhous reviewed his written report and distributed a disarmed Taser for Council and the Mayor to look at. Councilman Hart asked if any special notation needed to be made about sole source. City Attorney Joanna Lyons-Antley responded no that the record would be sufficient to be the written determination. Councilwoman Seiler asked what type of training officers experienced in the use of Tasers. Captain Brosterhous responded it was a bi-annual training and typically any purchase would require future training with trainers but the switchover from the current device to the new device would allow officers to use the existing instructor with less instruction. Councilwoman Seiler asked what the timeline was for getting the new Tasers as part of the officers' equipment. Captain Brosterhous responded it would be prior to June 30, 2016. Councilman Adams agreed the officers needed the Tasers and it would save the City a great deal of money in the long run. He noted it was interesting that buying an officer a Taser was twice as expensive as outfitting them with a [glock].

Councilman Dodson asked what the argument was for fazing them in as opposed to purchasing them all at once. Captain Brosterhous responded there were 11 working that were already over the five year "life expectancy" of the device so it would allow for those 11 to remain working for the reserve officers. Additionally there was the accountability as each Taser had a serial number and that serial number would be assigned to an officer for accountability. City Manager Nathan Cherpeski explained the Police Department would begin to budget to replace a few Tasers every year so they would not be in the realm of needing to purchase all of them at once again. Councilman Tofell asked if the purchase would ensure a Taser in the hand of every police officer on the street. Captain Brosterhous responded yes and noted it allowed for one replacement if one was sent out for repair.

Councilman Tofell moved to approve the purchase of Tasers from Taser International Inc. in the amount of \$49,870. Councilman Adams seconded. The motion carried unanimously with all Council members present voting aye.

OTHER MATTERS

There were no other matters.

ADJOURNMENT

Councilman Dodson **moved to adjourn the meeting.** Councilman Adams seconded. The motion carried unanimously with all Council members present voting aye. The meeting was adjourned at 8:50 p.m.

Kristina Buckley, Assistant to the City Recorder

**KLAMATH FALLS CITY COUNCIL
AGENDA REPORT**



Agenda Item No. 1b

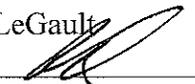
Date: May 2, 2016

Division: Finance

Contact/Title: Geoff LeGault / Senior Accountant

Staff Presenter: Geoff LeGault

Telephone No.: 541-883-5327

City Manager Review: 

Email: glegault@klamathfalls.city

TOPIC: 3rd Quarter Analysis of the 2015-2016 Budget

SUMMARY AND BACKGROUND:

Attached to this report are an Investment Summary and an Unaudited Summary of the Revenue and Expenditures for all City funds for the quarter ended March 31, 2016. This represents approximately 75% of transactions for the fiscal year. Revenue will change slightly as final adjustments are made to estimated receivables when they are received. Explanations are provided for revenue and expenditures that have a 10% variance greater or lesser than the 75% estimated for the fiscal year to date, or for qualitative purposes.

FINANCIAL IMPACT:

There is no financial impact associated with this Agenda Item.

COUNCIL OPTIONS:

Informational only, no action required.

DOCUMENTS ATTACHED:

- Investment Report and Disclosure as of March 31, 2016
- Narrative Summary of Comments and Observations
- Spreadsheet of Revenues and Expenditures through the quarter ended March 31, 2016

RECOMMENDED MOTION/ACTION:

Informational only, no action required.

NOTICE SENT TO:

Citizen Budget Committee Members



City of Klamath Falls
Investment Report & Disclosure
March 31, 2016

Cost	Market Value	Market Value to Cost	Type	Issuer / Broker / Dealer	Credit Rating	Yield	Days to Maturity	Date of		
								Purchase	Maturity	
Short-term										
\$ 36,447,473	\$ 36,447,473	\$ -	Mixed	State Treasurers LGIP	AA	0.60%	175			
255,000	255,000	-	CD	Lewis & Clark Bank	*****	0.75%	177	03/24/2016	09/24/2016	
245,000	245,000	-	MM	Lewis & Clark Bank	*****	0.55%	365	09/24/2015	03/31/2017	
491,875	483,691	(8,184)	US AGENCY	US Government US Bank	AA+	4.04%	260	05/21/2008	12/16/2016	
Long-term										
251,000	251,000	-	CD	First Community FCU	*****	0.90%	318	02/12/2015	02/12/2017	
125,000	126,406	1,406	CD	Discover Bank CD	****	2.10%	1,258	09/10/2014	09/10/2019	
250,000	250,000	-	CD	Rogue Credit Union	*****	1.51%	1,431	03/03/2014	03/01/2020	
1,088,975	1,100,249	11,274	US AGENCY	Vining Sparks/Piper Jaffray	AA+	1.64%	1,080	Average maturity is 2.96 Yrs.		
418,615	416,862	(1,753)	MUNICIPAL	Vining Sparks	AA	2.40%	1,646	Average maturity is 4.51 Yrs.		
1,124,486	1,134,037	9,551	CORPORATE	Vining Sparks	AA+	1.90%	1,606	Average maturity is 4.40 Yrs.		
1,512,533	1,532,684	20,151	US AGENCY	Davidson Investment Advisors	AA+	1.46%	1,161	Average maturity is 3.18 Yrs.		
141,188	140,286	(902)	MUNICIPAL	Davidson Investment Advisors	AA	3.74%	1,462	09/23/2015	04/01/2020	
488,673	499,595	10,922	US TREASURY	Davidson Investment Advisors	AA+	1.80%	860	Average maturity is 2.36 Yrs.		
3,683,744	3,685,877	2,133	CORPORATE	Davidson Investment Advisors	A(-)	2.96%	1,245	Average maturity is 3.41 Yrs.		
\$ 46,523,562	\$ 46,568,160	\$ 44,598	Total Investments							

Weighted Average Yield to Maturity: The weighted average of the yield of all the investments in the portfolio if held to maturity.....	1.77%
Weighted Average Maturity (WAM) - in days: The average time it takes for securities in a portfolio to mature, weighted in - proportion to the dollar amount that is invested in the portfolio. WAM can not exceed 540 days (or 18 months).....	175
WAM for investments not subject to the 18 month average (reserve, capital project, and escrow funds).....	1141
Distribution by Type of Investment:	
Certificate of Deposit (CD).....	1.89%
US Government Agency	6.65%
Money Market (MM)	0.53%
Municipal	1.20%
Corporate Bonds.....	10.34%
US Treasury Notes.....	1.05%
State Treasurer's Investment Pool (Mixed)	78.34%
Transactions since December 31, 2015: Decrease Vining Sparks.....	(4,446) 0.23%
Transactions since December 31, 2015: Decrease Davidson Investment Advisors.....	(162,492) 8.51%
Transactions since December 31, 2015: Decrease US Bank.....	(196,081) 10.27%
Transactions since December 31, 2015: Decrease Pacific Crest FCU.....	(125,000) 6.55%
Transactions since September 30, 2015: Increase in State Treasurers Investment Pool	1,420,901 74.43%
Distribution of Transactions among financial counterparties (brokers/dealers).....	100.00%

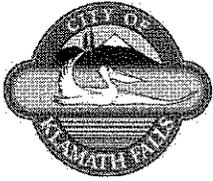
Violations of portfolio guidelines or non-compliance issues that occurred during the prior period or that are outstanding: Ensco corporate bonds - were downgraded to junk status. The slumping oil prices impacted this offshore rig servicing company. Holding these bonds could have moved our average - credit rating below our policy target of AA.

Actions taken or planned to bring portfolio back into compliance if applicable: Ensco bonds were sold - and the sale of the \$150,000 Par value bonds resulted in a realized decrease in market value of \$44,617. The market value adjustments are combined - with interest on investments and reported as total investment income at year end.

Notes:

- Credit rating source for Banks & Credit Unions from BauerFinancial.com star rating system: 3 - Adequate; 4 - Excellent; 5 - Superior
- Credit rating source for State Treasurers Investment Pool & US Government: Standard & Poors
- Yield: Annual Percentage Rate (APR) yield to maturity (yield to worst if callable)
- Local Government Investment Pool (LGIP) [Oregon Short Term Fund (OSTF) Compliance Summary 8/31/15 WAM is 175 days]
- The Investment Pool limitation in ORS 294.810 (3) was increased August 31, 2015 to 47,012,858
- All investments are held in U.S. Bank Escrow, Institutional Trust & Custody, or Safekeeping Accounts
- Discover Bank CD was purchased from CUSO Financial Services, LP. - an affiliate of Pacific Crest Federal Credit Union (FCU)
- Lewis and Clark Bank CD was issued through CDARS (Certificate of Deposit Account Registry Service) by one or more FDIC-insured depository institutions

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**City of Klamath Falls
Budget to Actual
July 1, 2015 through March 31, 2016**

GENERAL COMMENTS:

- This is a brief summary of the City's fund's revenue and expenditures and their comparative budgets for nine months of fiscal year 2015/2016. (Note)
- The budgeted and actual amounts are for nine months (75% of the year), July 1, 2015 through March 31, 2016.
- Explanations are provided for revenue and expenditures that have a 10% variance greater or lesser than the 75% estimated for the nine months, or for qualitative purposes.
- Revenues are estimated for franchise fees and state revenue sharing. Amounts will be adjusted to actual upon receipt.

GENERAL FUND -- REVENUE:

- The transfer in from Streets, Street Lighting and Parks funds due to the consolidation of those funds into the general fund was \$786,846 higher than budgeted. Each of those funds expenditures came in less than budgeted during fiscal year 2015. Only 2% of the budgeted \$1.4 million grant for the Lake Ewanua Trail has been received to date.

GENERAL FUND -- PARKS OPERATIONS and ELLA REDKEY POOL:

- Only \$79,533 (\$32,706 on the Lake Ewauna Trail) of \$1,624,625 in Parks budgeted capital has been spent to date, and \$16,445 of \$235,000 in Pool budgeted capital has been spent to date.

GENERAL FUND -- STREET MAINTENANCE:

- Only \$364,164 of \$1,351,000 in budgeted capital has been spent to date.

GENERAL FUND -- STREET LIGHTING:

- \$250,000 is budgeted for capital. The lighting upgrades are scheduled for this spring. However, none has been spent to date.

GENERAL FUND -- OTHER GENERAL FUND PROGRAMS:

- Only \$54,557 of \$204,700 in budgeted capital has been spent to date.

GENERAL FUND -- DEBT SERVICE:

- The interest payment for the 2008 Series Full Faith and Credit Bond was paid in December.
- Interest and principal is also due in June.

AIRPORT FUND:

- 91% (\$322,092) of budgeted property taxes (\$353,900) have been collected to date.
- \$474,215 of \$622,700 in budgeted capital has been spent to date.

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- The first interest payment for the 1996 Airport Revenue Bonds was paid in December. The interfund loan with Escrow Reserve Fund and the final principal and interest payments on the bond will take place in June 2016.

DOWNTOWN URBAN RENEWAL FUND:

- \$355,074 of \$588,550 in budgeted capital has been spent to date.
- The transfer out to the general fund will only take place if the fund closes early, in fiscal year 2016, to help with the maintenance of South Portal Building. A supplemental budget transferring \$50,000 from transfers out to capital outlay for roof replacement was done 4/18/16.

LAKEFRONT URBAN RENEWAL FUND:

- 69% (\$73,126) of budgeted property taxes (\$106,750) have been collected to date. Property valuations used to compute taxes are significantly lower this year.
- The debt service payment to the Escrow Reserve Fund in the amount of \$109,585 will be paid in June 2016.

TOWN CENTER URBAN RENEWAL FUND:

- Beginning fund balance is at 54% of the budgeted amount because the City made an additional \$30,000 payment on the loan with Washington Federal at the end of fiscal year 2015.
- 98% (\$169,452) of budgeted property taxes (\$173,750) have been collected to date.
- A loan payment of \$138,912 is due in January 2016. The City budgeted a higher amount in debt service in order to make additional payments on the loan with Washington Federal if property taxes come in higher than budgeted.

PARKING FUND:

- The Parking District has received 105% of budgeted reserved parking and employer district fees.

FOOTPATHS/BICYCLE TRAILS FUND:

- The 10/19/15 supplemental budget increased capital outlay appropriations \$10,000 for phase 2 design of the Washburn Way sidewalk project. 71% (\$7,147) of the \$10,000 budget has been spent. An additional supplemental budget was done 4/18/16 increasing capital outlay for this project to \$24,000.

DOWNTOWN MAINTENANCE DISTRICT FUND:

- Beginning fund balance came in much higher than budgeted. Budgeted expenditures related to graffiti, bench repair and other miscellaneous clean up due to vandalism was not needed in fiscal year 2015.
- The District has received 96% of budgeted fees.

ECONOMIC DEVELOPMENT/PROPERTY FUND:

- The budget includes a reimbursement from Klamath County for \$25,000, of which we've billed \$18,333, to assist with payments to the Retail Recruiter hired to bring more retail to the area. Of the \$50,000 budgeted for the Retail Recruiter, \$31,090 has been paid.

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- Federal grants and contracted services were increased by \$100,000 with resolution 15-17 for the brownfield study. \$26,513 has been paid, and \$26,513 has been received in grant receipts
- \$50,000 is budgeted for KCEDA and has been paid; and \$20,000 is budgeted for SCOEDD and \$15,000 of that has been paid to date.

TECHNOLOGY RESERVE FUND:

- Revenues include interest and a transfer in of \$60,000 to pay for the Tyler Conversion.
- Expenditures of \$72,538 have been made this fiscal year for the Tyler Conversion. The conversion will be completed in 2016.
- The interfund loan payment to Escrow Reserve Fund will be made in June 2016.

CAPITAL PROJECTS FUND:

- Revenue includes payments from the Finance and Utility Billing departments as reimbursement for the remodel of the building, interest, and transfers in from the Water and Wastewater Funds in the amount of \$14,500,000. All funds are reserved for future capital projects.

ESCROW RESERVE FUND:

- The revenue budget includes interest and a transfer in from the Cogeneration Fund (distribution from the sale of the plant) and interfund loan payments from the airport fund, lakefront urban renewal fund and technology reserve fund. Only interest has been received to date.

DEBT SERVICE FUND:

- 97% (\$167,092) of budgeted property taxes (\$177,900) have been collected to date.
- An interest payment on the 2008 G.O. Bond was made in December 2015.

WASTEWATER FUND:

- Bond proceeds for the Refunding Revenue Bonds Series 2015 were \$7,126,120. Bond principal expense to pay-off the Refunding Revenue Bonds Series 2005 was \$7,055,000. Expenditures of proceeds from the sale of certain bonds may be made during the current year without a supplemental budget [ORS 294.326(5) and 294.483(2). Average coupon yields for the 2005 and the 2015 Bonds went from 3.94% to 2.32% respectively saving \$522,255 over the life of the bonds.
- An interest payment on the Refunding Revenue Bonds Series 2015 was paid in December 2015.
- The \$10,000,000 transfer out is to the Capital Projects Fund to save for future capital projects related to the treatment plant and TMDL issue.

WATER FUND:

- Charges for services are at 82% of the budgeted amount. Water usage is generally highest in the first half of the fiscal year.
- An interest payment on the Water Revenue Bond Series 2001 was paid December 2015; and the principal and interest payment on the SPWF loan was paid.
- Current year transfers out include \$4,500,000 to the Capital Projects Fund to save for future capital projects in addition to regular transfers to Parks, Airport, and General Fund for the Street Division.

COGENERATION FUND:

- Revenue includes distributions from the sale of the Cogeneration plant and interest.
- The expenditure is an annual escrow agent fee that was paid in December.
- The transfer out to Escrow Reserve Fund happened after the distribution from the escrow agent was made to the City from the sale proceeds in January.

VETERAN'S MEMORIAL AGENCY FUND:

- Revenue includes donations and interest.
- Capital outlay projects include completion of the expansion that began three years ago. To date 9% of the budget has been spent.

Note – The following tables are summaries by fund of the estimates of revenue and expenditures. The left hand column represents the estimates and should be compared to the budget on the right-hand side. In addition, at the bottom of each fund, we show the approximate current fund balance. Our policy is to protect the reserves while maintaining services to the public as much as possible and achieving the goals of the City Council.



CITY OF KLAMATH FALLS
UNAUDITED BUDGET TO ACTUAL
NINE MONTHS ENDED MARCH 31, 2016

	GENERAL FUND		
	YEAR TO DATE ACTUAL	BUDGET	% OF BUDGET
RESOURCES			
BEGINNING FUND BALANCE	\$ 3,561,893	\$ 3,446,350	103%
REVENUE	<u>18,703,524</u>	<u>23,273,275</u>	<u>80%</u>
TOTAL RESOURCES	22,265,417	26,719,625	83%
EXPENDITURES			
PUBLIC SAFETY			
POLICE	4,060,962	5,615,575	72%
CODE ENFORCEMENT	127,400	191,875	66%
ADMINISTRATIVE			
LEGISLATIVE	77,348	106,875	72%
LEGAL	165,578	228,900	72%
CITY MANAGER	409,437	549,600	74%
SUPPORT SERVICES			
MUNICIPAL COURT	156,582	240,275	65%
FINANCE	490,221	706,000	69%
HUMAN RESOURCES	193,554	280,175	69%
TECHNOLOGY SERVICES	277,778	393,850	71%
PARKS & RECREATION	620,410	2,500,825	25%
ELLA REDKEY POOL	229,273	551,025	42%
PUBLIC WORKS			
PUBLIC WORKS ADMINISTRATION	207,003	285,975	72%
MAINTENANCE SERVICES	665,026	897,425	74%
DEVELOPMENT SERVICES	605,935	910,850	67%
STREET MAINTENANCE	1,380,572	2,861,250	48%
VEHICLE MAINTENANCE	168,368	252,775	67%
STREET LIGHTING	86,508	416,550	21%
OTHER GENERAL FUND	119,534	332,550	36%
DEBT SERVICE	65,316	285,900	23%
TRANSFERS OUT	60,000	60,000	100%
RESERVED FOR FUTURE		9,051,375	0%
TOTAL EXPENDITURES	<u>10,166,805</u>	<u>26,719,625</u>	<u>38%</u>
NET REVENUES OVER EXPENDITURES	<u><u>\$ 12,098,612</u></u>		

		AIRPORT FUND		
		YEAR TO DATE		% OF
		ACTUAL	BUDGET	BUDGET
RESOURCES	BEGINNING FUND BALANCE	\$ 1,124,706	\$ 1,313,650	86%
	REVENUE	1,413,667	2,410,650	59%
	TOTAL RESOURCES	2,538,373	3,724,300	68%
EXPENDITURES		1,363,628	1,982,125	69%
	DEBT SERVICE	3,850	185,425	2%
	RESERVED FOR FUTURE		1,556,750	0%
	TOTAL EXPENDITURES	1,367,478	3,724,300	37%
NET REVENUES OVER EXPENDITURES		\$ 1,170,895		

		DOWNTOWN URBAN RENEWAL		
		YEAR TO DATE		% OF
		ACTUAL	BUDGET	BUDGET
RESOURCES	BEGINNING FUND BALANCE	\$ 704,027	\$ 684,150	103%
	REVENUE	56,171	75,525	74%
	TOTAL RESOURCES	760,198	759,675	100%
EXPENDITURES		460,493	702,675	66%
	TRANSFERS OUT		57,000	0%
	TOTAL EXPENDITURES	460,493	759,675	61%
NET REVENUES OVER EXPENDITURES		\$ 299,705		

		LAKEFRONT URBAN RENEWAL		
		YEAR TO DATE		% OF
		ACTUAL	BUDGET	BUDGET
RESOURCES	BEGINNING FUND BALANCE	\$ 4,266	\$ 3,125	137%
	REVENUE	73,624	107,800	68%
	TOTAL RESOURCES	77,890	110,925	70%
EXPENDITURES		991	1,325	75%
	DEBT SERVICE		109,600	0%
	TOTAL EXPENDITURES	991	110,925	1%
NET REVENUES OVER EXPENDITURES		\$ 76,899		

		TOWN CENTER URBAN RENEWAL		
		YEAR TO DATE		% OF
		ACTUAL	BUDGET	BUDGET
RESOURCES	BEGINNING FUND BALANCE	\$ 28,717	\$ 53,125	54%
	REVENUE	170,301	175,125	97%
	TOTAL RESOURCES	199,018	228,250	87%
EXPENDITURES		5,495	7,325	75%
	DEBT SERVICE	138,912	220,925	63%
	TOTAL EXPENDITURES	144,407	228,250	63%
NET REVENUES OVER EXPENDITURES		\$ 54,611		

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		PARKING FUND		
		YEAR TO DATE		% OF
		ACTUAL	BUDGET	BUDGET
RESOURCES	BEGINNING FUND BALANCE	\$ 68,977	\$ 71,525	96%
	REVENUE	97,645	93,225	105%
	TOTAL RESOURCES	166,622	164,750	101%
EXPENDITURES		86,144	114,000	76%
	RESERVED FOR FUTURE		50,750	0%
	TOTAL EXPENDITURES	86,144	164,750	52%
NET REVENUES OVER EXPENDITURES		<u>\$ 80,478</u>		

		FOOTPATHS / BICYCLE TRAILS FUND		
		YEAR TO DATE		% OF
		ACTUAL	BUDGET	BUDGET
RESOURCES	BEGINNING FUND BALANCE	\$ 78,625	\$ 78,025	101%
	REVENUE	9,759	12,500	78%
	TOTAL RESOURCES	88,384	90,525	98%
EXPENDITURES		8,255	11,475	72%
	RESERVED FOR FUTURE		79,050	0%
	TOTAL EXPENDITURES	8,255	90,525	9%
NET REVENUES OVER EXPENDITURES		<u>\$ 80,129</u>		

		DOWNTOWN MAINTENANCE DISTRICT FUND		
		YEAR TO DATE		% OF
		ACTUAL	BUDGET	BUDGET
RESOURCES	BEGINNING FUND BALANCE	\$ 9,448	\$ 3,875	244%
	REVENUE	19,281	20,050	96%
	TOTAL RESOURCES	28,729	23,925	120%
EXPENDITURES		14,871	23,925	62%
	RESERVED FOR FUTURE			
	TOTAL EXPENDITURES	14,871	23,925	62%
NET REVENUES OVER EXPENDITURES		<u>\$ 13,858</u>		

		ECONOMIC DEVELOPMENT/PROPERTY FUND		
		YEAR TO DATE		% OF
		ACTUAL	BUDGET	BUDGET
RESOURCES	BEGINNING FUND BALANCE	\$ 278,138	\$ 285,600	97%
	REVENUE	57,828	137,325	42%
	TOTAL RESOURCES	335,966	422,925	79%
EXPENDITURES		134,483	240,975	56%
	CONTINGENCY		181,950	0%
		134,483	422,925	32%
NET REVENUES OVER EXPENDITURES		<u>\$ 201,483</u>		

		TECHNOLOGY RESERVE FUND		
		YEAR TO DATE		% OF
		ACTUAL	BUDGET	BUDGET
RESOURCES	BEGINNING FUND BALANCE	\$ 235,191	\$ 192,250	122%
	REVENUE	61,110	60,950	100%
	TOTAL RESOURCES	296,301	253,200	117%
EXPENDITURES		73,601	150,300	49%
	DEBT SERVICE		60,000	0%
	CONTINGENCY		42,900	0%
		73,601	253,200	29%
NET REVENUES OVER EXPENDITURES		<u>\$ 222,700</u>		

		CAPITAL PROJECTS FUND		
		YEAR TO DATE		% OF
		ACTUAL	BUDGET	BUDGET
RESOURCES	BEGINNING FUND BALANCE	\$ 3,150,470	\$ 3,149,975	100%
	REVENUE	14,585,098	14,569,750	100%
	TOTAL RESOURCES	17,735,568	17,719,725	100%
RESERVED FOR FUTURE			17,719,725	0%
NET REVENUES OVER UNAPPROPRIATED		<u>\$ 17,735,568</u>		

		ESCROW RESERVE FUND		
		YEAR TO DATE		% OF
		ACTUAL	BUDGET	BUDGET
RESOURCES	BEGINNING FUND BALANCE	\$ 5,774,866	\$ 5,797,775	100%
	REVENUE	230,039	476,150	48%
	TOTAL RESOURCES	6,004,905	6,273,925	96%
RESERVED FOR FUTURE			6,273,925	0%
NET REVENUES OVER UNAPPROPRIATED		<u>\$ 6,004,905</u>		

		DEBT SERVICE FUND		
		YEAR TO DATE		% OF
		ACTUAL	BUDGET	BUDGET
RESOURCES	BEGINNING FUND BALANCE	\$ 57,181	\$ 57,725	99%
	REVENUE	168,082	179,700	94%
	TOTAL RESOURCES	225,263	237,425	95%
	DEBT SERVICE	102,762	205,525	50%
	UNAPPROPRIATED ENDING FUND BALANCE		31,900	0%
	TOTAL EXPENDITURES	102,762	237,425	43%
NET REVENUES OVER EXPENDITURES		<u>\$ 122,501</u>		

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		WASTEWATER FUND		
		YEAR TO DATE		% OF
		ACTUAL	BUDGET	BUDGET
RESOURCES	BEGINNING FUND BALANCE	\$ 12,073,689	\$ 12,216,150	99%
	REVENUE	12,737,593	7,795,425	163%
	TOTAL RESOURCES	24,811,282	20,011,575	124%
EXPENDITURES		3,553,877	6,034,875	59%
	DEBT SERVICE	7,156,573	867,375	825%
	TRANSFERS OUT	10,000,000	10,000,000	100%
	RESERVED FOR FUTURE		3,109,325	0%
	TOTAL EXPENDITURES	20,710,450	20,011,575	103%
NET REVENUES OVER EXPENDITURES		<u>\$ 4,100,832</u>		

		WATER FUND		
		YEAR TO DATE		% OF
		ACTUAL	BUDGET	BUDGET
RESOURCES	BEGINNING FUND BALANCE	\$ 8,505,044	\$ 8,025,550	106%
	REVENUE	6,178,096	7,620,325	81%
	TOTAL RESOURCES	14,683,140	15,645,875	94%
EXPENDITURES		3,829,546	6,674,825	57%
	DEBT SERVICE	77,811	545,325	14%
	TRANSFERS OUT	5,015,814	5,246,200	96%
	RESERVED FOR FUTURE		3,179,525	0%
	TOTAL EXPENDITURES	8,923,171	15,645,875	57%
NET REVENUES OVER EXPENDITURES		<u>\$ 5,759,969</u>		

		COGENERATION FUND		
		YEAR TO DATE		% OF
		ACTUAL	BUDGET	BUDGET
RESOURCES	BEGINNING FUND BALANCE	\$ 706,617	\$ 731,975	97%
	REVENUE	15,282	32,100	48%
	TOTAL RESOURCES	721,899	764,075	94%
EXPENDITURES		1,500	1,500	100%
	TRANSFERS OUT	204,081	239,825	85%
	RESERVED FOR FUTURE		522,750	0%
	TOTAL EXPENDITURES	205,581	764,075	27%
NET REVENUES OVER EXPENDITURES		<u>\$ 516,318</u>		

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		VETERAN'S MEMORIAL AGENCY FUND		
		YEAR TO DATE		% OF
		ACTUAL	BUDGET	BUDGET
RESOURCES	BEGINNING FUND BALANCE	\$ 150,074	\$ 132,650	113%
	REVENUE	2,396	6,225	38%
	TOTAL RESOURCES	152,470	138,875	110%
EXPENDITURES		613	6,525	9%
	RESERVED FOR FUTURE		132,350	0%
	TOTAL EXPENDITURES	613	138,875	0%
NET REVENUES OVER EXPENDITURES		<u>\$ 151,857</u>		

NOTE: The tables above are summaries by fund of the estimates of revenues and expenditures. The left hand column represents the estimates and should be compared to the budget on the right-hand side. In addition, at the bottom of each fund, we show the approximate current fund balance. Our policy is to protect the reserves while maintaining services to the public as much as possible and achieving the goals of the City Council.

**KLAMATH FALLS CITY COUNCIL
AGENDA REPORT**



Agenda Item No. 3

Date: May 2, 2016

Department: Public Works

Staff Presenter: Tom Rosales

City Manager Review: 

Contact/Title: Tom Rosales, Wastewater Manager

Telephone No.: 541-883-5386

Email: trosales@klamathfalls.city

TOPIC: Award of Contract with HDR to Provide Owners Representative Services for the Spring Street Sewage Treatment Plant Progressive Design/Build Project in the Amount Not to Exceed \$836,246

SUMMARY AND BACKGROUND:

The City of Klamath Falls owns and operates the Spring Street Sewage Treatment Plant (Spring Street STP) and discharges treated wastewater effluent into Lake Ewauna under the National Pollutant Discharge Elimination (NPDES) permit last issued in 1990 by the State of Oregon's Department of Environmental Quality (DEQ). Delays in the issuance of Total Maximum Daily Limits (TMDL), and the associated waste load allocations (WLAs) by DEQ has, in turn, cause the City to delay major upgrades to its treatment plant as there remains uncertainty about the final TMDL and WLA ruling.

Despite the delays and uncertainty regarding the regulatory drivers, the City has continued to take the necessary steps to plan for the much needed upgrades and improvements to the aging facilities at the Spring Street STP which have been estimated to be approximately \$20-30M. Some of the key steps taken so far to move the City forward to make those upgrades and improvements a reality include:

- Spring Street Sewage Treatment Plant Facilities Plan (December 2009)
- Secured funding through Department of Environmental Quality (DEQ), Clean Water State Revolving Fund (CWSRF) program (November 2011, amended January 2016)
- Beginning in 2009, the City Council approved a series of sewer rate increases to ensure that sufficient funding would be available to address continued rehabilitation and improvements to the City's wastewater infrastructure
- The City Council approved Resolution 16-01 (January 2016) granting an exemption from the Competitive Bid Requirements for Use of the Design-Build Method of Contracting for the Spring Street Sewage Treatment Plant Progressive Design/Build Project. This alternative Progressive Design/Build delivery option will provide a more collaborative approach to the complex design process, will be more cost effective and will shorten the overall design and construction process.

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At the moment, the status of the final TMDL and WLA rulings remain somewhat unclear, although the DEQ has signaled that draft regulatory standards are expected to be available within the next couple of months. Based on that limited information, and given the need to upgrade and improve sections of the Spring Street facility that will not be affected by the outcomes of the regulatory drivers, staff prepared a Request for Proposals (RFP) in late 2015 to secure owners representative services for the Spring Street Sewage Treatment Plant Progressive Design/Build Project.

Most entities, unless they are large and, consequently well-staffed, do not have the resources or experience necessary to manage a construction project of this scale and complexity. To address this shortcoming, and to ensure a successful and cost-effective outcome, owners, like the City, will generally contract with an independent, third-party firm, such as an owner's representative, to fill that gap. This strategy is particularly necessary for today's wastewater projects which have to take into consideration not only building or rehabilitating structures that have to last 50-75 years, but facilities that also have to have operational flexibility that is adaptable to the variabilities of wastewater systems and can respond effectively to the continuous changes in regulatory standards.

The City's owners representative ("owner's rep"), in partnership with City staff, will act as the City's primary project manager on the project and, because of their strong experience and industry knowledge, the owner's rep will be able to provide City staff with a range of focused assistance throughout the design, procurement and construction phases.

The RFP that was developed by staff to secure a contract with an owner's representative resulted in four submittals. Those submittals were evaluated by staff, with an emphasis on (1) approach to the overall project, (2) key personnel on the project team, and (3) relevant project experience. Although all four submittals, and their respective engineering firms, were deemed to be qualified, only two firms were invited to participate in an oral presentation to staff as the final part of the evaluation process. Submittals were received from:

- Brown & Caldwell – invited to final interview
- HDR Engineering (HDR) – invited to final interview
- Montgomery Watson Harza (MWH Global) – not invited to final interview
- SHN Consulting Engineers – not invited to final interview

At the conclusion of the oral presentations, staff agreed unanimously to seek an owner's representative scope of work and fee from HDR with the goal that both parties could reach an agreement on the scope/fees and the project contract and those items would be forwarded to the City Council for final approval.

The project fee structure developed by HDR is aligned with their scope of work, which is broken out by a number of tasks that begin with the initial kick-off meetings to construction and final project close out, anticipated to occur around December 2018. A copy of the scope of work with the fee and project schedule is attached with this agenda report. The five major tasks in the scope of work include:

Task 1 – City of Klamath Falls Conceptual Design Update

Task 2 – Progressive Design/Build (PDB) Solicitation Development

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Task 3 – Design and Guaranteed Maximum Price (GMP) Support

Task 4 – Construction Phase Services

Task 5 – Project Support Services

Task 5, as can be seen by the attached schedule, is not a stand-alone task, but, is instead, woven throughout the project schedule as a broad, project related service. HDR's fee schedule, which is aligned with Tasks 1-5 in their Scope of Work, anticipates a cost estimate of \$836,246 to complete all of the project tasks. The initial cost estimate from HDR was approximately 18% higher but, after careful review by City staff, the hours and the amount of effort allocated by HDR was modified.

Modifying the initial cost estimate and reducing the amount of effort initially envisioned by HDR will not compromise their overall effectiveness as the City's Owners Representative to deliver a high quality final project. When compared to an assumed total construction phase project cost of \$30 million, HDR's fee as the Owners Representative amounts to approximately 2.8% of the anticipated construction cost, which falls within the industry norm of 2.5-5% for the Owners Rep fee (of construction costs) for similar alternative delivery wastewater projects.

The City's outside legal counsel on this project, Dan Gragg, drafted and negotiated the contract.

Upon City Council approval, the project schedule, including the design and construction phases, is anticipated to begin immediately and conclude approximately in December 2018, for a total project duration of approximately 30 months.

FINANCIAL IMPACT:

Funding for the Owners Representative services provided by HDR for the Spring Street Sewage Treatment Plant Progressive Design/Build Project will come from the Wastewater Fund #241/Treatment Division, Capital Outlay (Buildings and Facilities) which was approved in the Adopted 2015 / 2016 Budget. Similar funding allocations will be requested in the FY 2016/2017 and FY 2017/2018 budget cycles in order to manage the Owners Representative project costs throughout the entire project period of approximately 30 months.

COUNCIL OPTIONS:

1. Deny authorization to enter into a contract with HDR to provide Owners Representative services for the Spring Street Sewage Treatment Plant Progressive Design/Build Project
2. Require City staff to negotiate a lower project fee with HDR
3. Authorize City staff to enter into a contract with HDR to provide Owners Representative services for the Spring Street Sewage Treatment Plant Progressive Design/Build Project

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DOCUMENTS ATTACHED:

- Agreement between Owner and Owner's Consultant for Professional Services

RECOMMENDED MOTION/ACTION:

Move to authorize City staff to enter into a contract with HDR to provide Owners Representative services for the Spring Street Sewage Treatment Plant Progressive Design/Build Project in the amount not to exceed \$836,246.

NOTICE SENT TO:

N/A

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This document has important legal consequences; consultation with an attorney is encouraged with respect to its use or modification. This document should be adapted to the particular circumstances of the contemplated Project and the controlling Laws and Regulations.

AGREEMENT
BETWEEN OWNER AND OWNER'S CONSULTANT
FOR PROFESSIONAL SERVICES –
DESIGN/BUILD PROJECT

Prepared by

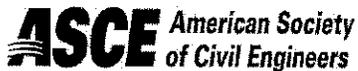
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ENGINEERS JOINT CONTRACT
DOCUMENTS COMMITTEE

ENGINEERS JOINT CONTRACT DOCUMENTS COMMITTEE

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PROFESSIONAL ENGINEERS IN PRIVATE PRACTICE
A Practice Division of the
NATIONAL SOCIETY OF PROFESSIONAL ENGINEERS

This Agreement has been prepared for use in the expectation that the Standard General Conditions of the Contract between Owner and Design/Builder (EJCDC D-700, 2009 Edition) and other EJCDC Design/Build Documents will be used on the Project. Their provisions are interrelated and a change in one may necessitate a change in the other. Comments and instructions concerning their usage are contained in the Guide to Use of EJCDC Design/Build Documents (EJCDC D-001, 2009 Edition).

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AGREEMENT
BETWEEN
OWNER AND OWNER'S CONSULTANT
FOR
PROFESSIONAL SERVICES – DESIGN/BUILD PROJECT

THIS IS AN AGREEMENT between:

THE CITY OF KLAMATH FALLS (“Owner”)

And

HDR ENGINEERING, INC. (“Owner’s Consultant”)

Owner intends to contract with a Design/Builder for the design and construction of the:

SPRING STREET SEWAGE TREATMENT PLANT PROJECT (“Work”)

Owner and Owner’s Consultant hereby agree as follows:

ARTICLE 1 – SERVICES OF OWNER'S CONSULTANT

1.1 *Scope*

- A. Owner’s Consultant shall provide the Basic Services enumerated in Exhibit A.
- B. Owner’s Consultant is authorized to begin rendering services as of the Effective Date of this Agreement. Any services rendered prior to such time shall be considered as having been performed at Owner’s Consultant’s own risk and as a volunteer.
- C. If authorized by Owner, Owner’s Consultant shall furnish Resident Project Representative(s) with duties, responsibilities, and limitations of authority as set forth in Exhibit
- D. *Independent Contractor.* Owner’s Consultant shall perform its duties under this Agreement as an independent contractor and not as an employee of Owner. Neither Owner’s Consultant nor any agent or employee of Owner’s Consultant shall be, or shall be deemed to be, an agent or employee of Owner. Owner’s Consultant shall be solely responsible for the acts of Owner’s Consultant and its employees and agents.
- E. The Owner’s Consultant’s team members are those persons identified in the Owner’s Consultant’s proposal and outlined in Exhibit C hereto. The Owner’s Consultant’s identified team members shall not be changed or substituted without the prior written consent of the Owner, such consent not to be unreasonably withheld.

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ARTICLE 2 – OWNER'S RESPONSIBILITIES

2.1 *General*

- A. Owner shall have the responsibilities set forth herein and in Exhibit B.

ARTICLE 3 – TIMES FOR RENDERING SERVICES

3.1 *General*

A. *Time of the Essence.* Owner's Consultant acknowledges that time is of the essence in the performance of this Agreement however it is agreed and understood that the Owner's Consultant must use sound professional practices in the performance of its services. Owner's Consultant shall perform and complete its services pursuant to this Agreement in a timely manner that does not hinder or delay the Project or the Work.

B. Unless specific periods of time or specific dates for providing services are specified in this Agreement, Owner's Consultant's obligation to render services hereunder will be for the period necessary to reasonably complete said services. This Agreement is effective on the Effective Date and shall remain in effect until all obligations set forth in this Agreement are fully satisfied.

C. If Owner authorizes changes in the scope, extent or character of the Project, in writing, the time of performance of Owner's Consultant's services shall be adjusted equitably, in accordance with Article 5 hereto. Owner's Consultant shall give prompt written notice to Owner of any adjustments to the scope, extent or character of the Project that Owner's Consultant believes may affect its time of performance.

D. For purposes of this Agreement the term "day" means a calendar day of 24 hours.

ARTICLE 4 – PAYMENTS TO OWNER'S CONSULTANT

4.1 *Payment for Basic Services and Reimbursable Expenses of Owner's Consultant*

A. *For Basic Services:* Owner shall pay Owner's Consultant for Basic Services performed or furnished under Exhibit A on the basis set forth in Exhibit C.

B. *For Reimbursable Expenses:* In addition to payments provided for in Paragraph 4.01.A, Owner shall pay Owner's Consultant for Reimbursable Expenses incurred by Owner's Consultant and Owner's Consultant's Subconsultants as set forth in Exhibit C.

C. *Insurance, Taxes and Fees.* Owner's Consultant's compensation shall be deemed to include, and Owner's Consultant shall be responsible for payment of, all insurance required by this Agreement and all federal, state and local taxes, assessments and fees related to this Agreement.

D. *Subconsultants' Payment.* If Owner's Consultant engages one or more Subconsultants to perform any of services contemplated by this Agreement, Owner's Consultant shall not markup work performed by its Subconsultants. Owner's Consultant shall pay amounts rightfully due and owing to any such Subconsultants within ten (10) days (or such shorter period as required by law) of the Owner's Consultant's receipt of payment from the Owner for services provided by the Subconsultant. Owner's Consultant agrees that until such time as it has paid all Subconsultants, suppliers, and others having secured payment rights, all monies it receives under this Agreement are held in trust for the benefit of such persons or entities and are not property of Owner's Consultant or its estate. Owner's Consultant shall pay statutory interest to the Subconsultant on any undisputed amount not timely paid to the Subconsultant. *See* ORS 279C.580.

4.2 *Other Provisions Concerning Payments*

A. *Preparation of Invoices:* Invoices will be prepared in accordance with Owner's invoicing practices and calculated on the basis set forth in Exhibit C and be submitted to Owner monthly.

B. *Payment of Invoices:* Payment shall be made by Owner within thirty (30) days after Owner's receipt of an invoice and acceptance of the services rendered under this Agreement.

C. *Disputed Invoice:* Notwithstanding anything to the contrary in this Agreement, the Owner may withhold payment to the Owner's Consultant if, and for so long as, the Owner finds any of the Owner's Consultant's services to be defective, untimely, or unsatisfactory or Owner's Consultant otherwise fails to perform any of its obligations hereunder or otherwise is in default; provided, however, that any such withholding shall be limited to an amount sufficient, in Owner's reasonable opinion, to cure any such default or failure of performance by Owner's Consultant. After a disputed item has been settled, Engineer shall include the disputed item on a subsequent regularly scheduled invoice or on a special invoice for the disputed item only.

D. *Payments Upon Termination:*

1. In the event of any termination under Paragraph 7.05, Owner's Consultant will be entitled to invoice Owner and be paid for services performed or furnished in accordance with this Agreement and allowable Reimbursable Expenses incurred through the effective date of termination.

2. In the event of termination by Owner for convenience, Owner's Consultant, in addition to invoicing for those items identified in Paragraph 4.02.D.1, shall be entitled to invoice Owner and be paid the reasonable direct close-out costs associated with such termination, using methods and rates for Basic Services set forth in Exhibit C. In no event shall Owner's Consultant be paid for lost profit, consequential damages, or services performed or costs incurred after receipt of notice of termination, or for costs incurred by Subconsultants which could have been avoided.

E. *Records of Owner's Consultant's Costs:* Records of Owner's Consultant's costs pertinent to Owner's Consultant's compensation under this Agreement shall be kept in accordance with generally accepted accounting practices. Owner shall have the right to audit Owner's Consultant's

records for time based and reimbursable expenses relating to services provided pursuant to this Agreement, which Owner deems necessary to verify, support, or confirm any invoice or other claim for services or expenses, including but not limited to, those records necessary to evaluate and verify direct and indirect costs associated with this Agreement. Upon Owner's request, and reasonable prior notice, Owner's Consultant shall make its records available to Owner. Owners' Consultant shall retain all records relating to this Project for no less than ten (10) years from the date the Project achieves Substantial Completion or until any dispute relative to this Agreement is resolved, whichever is later.

F. *Legislative Actions:* Owner's Consultant shall be compensated for additional costs resulting from Laws and Regulations enacted after the Effective Date of this Agreement which directly and demonstrably increase the costs of services provided under this Agreement. Owner's Consultant shall give prompt written notice to Owner of any such change pursuant to Article 5 hereto. Such reimbursement shall be in addition to the total compensation to which Owner's Consultant is entitled under the terms of Exhibit C.

ARTICLE 5 – CHANGES IN THE WORK

5.1 *Authorized Changes in the Work*

A. Without invalidating this Agreement, Owner may, at any time or from time to time, order additions, deletions, or revisions in the Basic Services enumerated in Exhibit A by a Change Order. Upon receipt of any such document, Owner's Consultant shall promptly proceed with the services involved which will be performed under the applicable conditions of this Agreement (except as otherwise specifically provided).

5.2 *Unauthorized Changes in the Work*

A. Owner's Consultant shall not be entitled to an increase in the payment for its services or an extension of the time for performance with respect to any services performed that are not authorized by written Change Order prior to commencement of such services. Owner's Consultant expressly waives the right to assert any claim for additional compensation unless approved in a written Change Order prior to commencement of such services.

5.3 *Claims*

A. *Notice:* All claims, disputes and other matters by Owner's Consultant (a "Claim") shall be resolved in the manner provide in Paragraph 7.08 herein. Written notice of intent to make such a Claim shall be submitted by the Owner's Consultant to Owner promptly and in no event more than seven (7) calendar days after the start of the occurrence or event giving rise to the Claim. Such notice shall specifically identify that it is being sent in compliance with this Paragraph 5.03.A, and no other communication shall constitute notice under this Agreement. Written notices must be transmitted via certified mail, return receipt requested to the Owner. The notice(s) must contain a narrative that details the Claim, including the basis for the Claim, the amount of the Claim, the additional time for performance, and reference all Agreement provisions that Owner's Consultant relies upon in asserting the Claim. The Claim must certify under oath that it is the full and complete amount sought by Owner's Consultant for the events described in the narrative. Failure to

timely provide the required notice or to include the required information shall constitute a complete waiver of the right to assert the Claim. Provision of this notice and supporting materials is an express condition precedent to assertion of any claim in any forum.

B. *Decision:* Owner shall render a decision on the Claim no more than thirty (30) days after the receipt of the notice required by Paragraph 5.03.A. If Owner fails to render a written decision within thirty (30) days after receipt, then the Claim shall be deemed denied. Owner's decision will be final and binding unless Owner's Consultant gives written notice of its intention to exercise its rights under Paragraph 7.08 within thirty (30) days of receipt of the decision or the deemed denial and exercises such rights within thirty (30) days of giving the notice of intent.

C. *Time Limit Extension:* The time limits of Paragraphs 5.03.A and 5.03.B may only be extended by prior written agreement of the Owner.

5.4 *Execution of Change Orders*

A. Owner shall execute appropriate Change Orders covering changes in the Basic Services which are (i) ordered by Owner pursuant to Paragraph 5.01, or (ii) agreed to by the parties.

ARTICLE 6 – OPINIONS OF COST

6.1 *Opinions of Probable Design/Build Cost*

A. Owner's Consultant's opinions of probable Design/Build Cost provided for herein are to be made on the basis of Owner's Consultant's experience and qualifications and represent Owner's Consultant's professional judgment as an experienced and qualified professional generally familiar with the industry.

ARTICLE 7 – GENERAL CONSIDERATIONS

7.1 *Standards of Performance*

A. The standard of care for all services performed or furnished by Owner's Consultant under this Agreement will be the care and skill ordinarily used by members of the subject profession practicing under similar circumstances at the same time and in the same locality.

B. Owner shall not be responsible for discovering deficiencies in the technical accuracy of Owner's Consultant's services. Owner's Consultant shall correct deficiencies in technical accuracy and if due to causes within the Owner's Consultant's reasonable control shall be without additional compensation, unless such corrective action is solely attributable to deficiencies in Owner-furnished information. Owner's Consultant shall also be liable for any direct costs suffered by Owner as a result of such deficiencies and indemnify, defend, and hold harmless Owner from any claim assert by any person resulting in whole or in part from such failure to meet the Standard of Care.

C. Owner's Consultant shall not be responsible for deficiencies in professional services performed by or for Design/Builder. Owner's Consultant shall not be responsible for the acts or

omissions of any Design/Builder, or of any of their subcontractors, suppliers, or of any other individual or entity performing or furnishing any of the Work. Unless caused by the acts or omissions of Owner's Consultant, Owner's Consultant shall not be responsible for Design/Builder's failure to perform or furnish the Work in accordance with the Contract Documents.

D. Owner's Consultant may employ such Owner's Consultant's Subconsultants as Owner's Consultant deems necessary to assist in the performance or furnishing of the services, subject to prior written consent by Owner.

E. Owner's Consultant shall comply with all applicable Laws and Regulations, as well as all Owner-mandated standards. This Agreement is based on these requirements as of its Effective Date. Owner's Consultant shall include a similar provision to the foregoing in all of its subcontracts issued in relation to this Agreement.

F. Owner's Consultant represents that it is fully qualified to perform this Agreement and acknowledges that, it is responsible for its own independent investigation of the accuracy and completeness of all requirements, programs, instructions, reports, data and other information furnished pursuant to this Agreement. Owner's Consultant may use such requirements, reports, data and information in performing or furnishing services under this Agreement; however, any failure to independently investigate and become fully informed will not relieve Owner's Consultant from its responsibilities under the Agreement.

G. Owner's Consultant shall be responsible to Owner for accurately, competently and reasonably completing all services contemplated by this Agreement, including but not limited to those services outlined in Exhibit A. Owner's Consultant shall be liable to Owner for any and all damages sustained by Owner due to failure to so perform.

H. Owner shall make decisions and carry out its other responsibilities in a timely manner so as not to delay the services of Owner's Consultant.

I. Owner's Consultant shall not at any time supervise, direct, control, or have authority over Design/Builder's, any Subcontractor's, or any other contractor's work, nor shall Owner's Consultant have authority over or be responsible for the means, methods, techniques, sequences, or procedures of construction used or selected by Design/Builder, any Subcontractor, or any other contractor, or the safety precautions and programs incident thereto, for security or safety at the Site, nor for any failure of Design/Builder, any Subcontractor, or any other contractor to comply with Laws or Regulations applicable to the furnishing and performing of their work.

J. Owner's Consultant neither guarantees the performance of Design/Builder, Subcontractors, or Suppliers, nor assumes responsibility for their failure to furnish and perform the Work in accordance with the Contract Documents.

K. Owner's Consultant shall not be responsible for the acts or omissions of Design/Builder, or any Subcontractor or Supplier, or of any of the Design/Builder's agents or employees or any other persons (except Owner's Consultant's own employees) at the Site or otherwise furnishing or performing any of the Design/Builder's work; or for any decision made regarding the Contract Documents, or any application, interpretations or clarifications of the Contract Documents, other than

those made by Owner's Consultant or its Subconsultants.

7.2 *Authorized Project Representatives*

A. Contemporaneous with the execution of this Agreement, Owner's Consultant and Owner shall designate specific individuals to act as their respective representatives with respect to the services to be performed or furnished by Owner's Consultant and responsibilities of Owner under this Agreement. Such individuals shall have authority to transmit instructions, receive information and render decisions relative to the Project on behalf of each respective party.

7.3 *Use of Documents*

A. All Documents prepared by Owner's Consultant or its Subconsultants, if any, are for use solely with respect to this Project. Owner's Consultant and its Subconsultants shall be deemed the authors and owners of their respective Documents and shall retain all common law, statutory and other reserved rights, including copyrights. Owner's Consultant and its Subconsultants grant to the Owner a non-exclusive license to use and reproduce the Documents for purposes of this Project. Owner's Consultant shall obtain similar non-exclusive licenses from its Subconsultants, if any.

B. Parties who create files on electronic media make no representations as to long term compatibility, usability, or readability of data resulting from the use of software application packages, operating systems, or computer hardware differing from those used by Owner's Consultant at the start of the Project.

C. If there is a discrepancy between the electronic files and the hard copies, the hard copies govern.

D. Owner may make and retain copies of Documents for information and reference in connection with use on the Project by Owner. Such Documents are not intended or represented to be suitable for reuse by Owner or others on extensions of the Project or on any other project. Any such reuse or modification without written verification or adaptation by Owner's Consultant, as appropriate for the specific purpose intended, will be at Owner's sole risk.

7.4 *Insurance*

A. Owner's Consultant shall, at a minimum, procure and continuously maintain during the period this Agreement remains in force and for a period of two (2) years from the date of Substantial Completion, such insurance as set forth in Exhibit E, "Insurance" and in such form, deductible, and companies reasonably satisfactory to Owner. This Agreement requires Owner's Consultant make available to Owner the full amount of the policies required in this Agreement. If the actual limits of such policies are greater than the amounts set forth herein, then this Agreement requires the full and complete amount of insurance.

1. Owner's Consultant shall cause Owner and its agents, officers, directors, members, partners, and employees to be listed as additional insureds on any Comprehensive Commercial General Liability and Excess Umbrella Liability policies carried by Owner's Consultant which are applicable to the Project, and endorsements to that effect shall be

delivered to Owner prior to Effective Date of this Agreement and before any payment to Owner's Consultant shall be due or paid. The additional insured endorsement shall afford to the additional insureds insurance in amounts equal to that provided to Owner's Consultant. Failure to deliver such endorsements shall in no way relieve Owner's Consultant of the obligations to provide such insurance and endorsements.

2. Owner's Consultant's insurance shall be primary and non-contributory, and endorsements to that effect shall be delivered to Owner. Any insurance maintained by Owner shall be excess, non-contributory, and shall not be coextensive with that provided by Owner's Consultant.

3. If Owner's Consultant's Comprehensive Commercial General Liability insurance policy has a general aggregate, then the general aggregate shall apply separately to this Agreement.

4. To the fullest extent permitted by law, Owner's Consultant's for itself and its insurers, waives all rights, including rights of subrogation, against Owner and its agents, officers, directors, members, partners, and employees for all damages to the extent such damages are covered by commercial general liability, excess liability, business automobile liability, workers compensation, employers liability insurance or any other policy required herein.

5. Owner's Consultant's shall pay all premiums and costs in connection with all bonds and insurance which Owner's Consultant's shall be required to furnish or provide hereunder.

6. Owner's Consultant agrees that in the event any of the services contemplated by this Agreement are further sublet, Owner's Consultant will arrange for insurance as herein provided from each of its downstream Subconsultants.

7. Any insurance premiums paid for insurance required under this Agreement shall be deemed to have been paid on behalf of any additional insureds that may be added by endorsement as provided herein, and any losses paid pursuant to such policies shall be deemed to have been paid on behalf of such additional insureds and not on behalf of Owner's Consultant.

8. Any deductibles or self-insured retentions for any insurance required under this Agreement shall not exceed \$10,000 excepting only Owner's Consultant's CGL policy which shall not have a deductible exceeding \$10,000. All deductibles shall be the sole responsibility of the Owner's Consultant.

9. All policies of insurance required under this Agreement shall include a provision similar to the ISO separation of insureds provision or other commonly used severability of interests provisions. This provision shall apply the coverage separately to each insured (except with respect to the limits of liability). No cross suits exclusion shall apply to insureds.

B. Owner shall require Design/Builder to purchase and maintain commercial general liability and other insurance as specified in the Contract Documents and to list Owner's

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Consultant and Owner's Consultant's Subconsultants as additional insureds with respect to such liability and other insurance purchased and maintained by Design/Builder for the Project.

C. Owner's Consultant shall deliver certificates of insurance, and endorsements as herein described, evidencing the coverages required by this Agreement. Such certificates shall be furnished prior to commencement of Owner's Consultant's services and at renewal thereafter during the life of the Agreement. Owner's failure to object to Owner's Consultant's failure to provide any required certificate of insurance or endorsement, or to the form of any certificate of insurance or endorsement provided by Owner's Consultant, shall not be deemed to be a waiver of any of Owner's Consultant's obligations.

D. Owner's Consultant is required to continuously maintain all policies of insurance identified in this Agreement without reduction or limitation, and shall not permit any policies of insurance to be canceled, or reduced in limits by endorsement, or permit renewal to be refused, until at least thirty (30) days prior written notice has been given to Owner and to each other additional insured (if any) to which a certificate of insurance has been issued.

7.5 Termination

A. This Agreement may be terminated:

1. For cause:

- a. By either party upon thirty (30) days written notice in the event of substantial failure by the other party to perform in accordance with the terms of this Agreement through no fault of the terminating party. Notwithstanding the foregoing, this Agreement will not terminate as a result of such substantial failure if the party receiving such notice begins, within seven (7) days of receipt of such notice, to correct its failure to perform and proceeds diligently to cure such failure within no more than thirty (30) days of receipt thereof; provided, however, that if and to the extent such substantial failure cannot be reasonably cured within such 30 day period, and if such party has diligently attempted to cure the same and thereafter continues diligently to cure the same, then the cure period provided for herein shall extend up to, but in no case more than, 60 days after the date of receipt of the notice.
- b. By Owner's Consultant:
 - 1) Upon seven (7) days written notice, if Owner fails to make payments to Owner's Consultant in accordance with this Agreement; or
 - 2) Upon seven (7) days written notice, if the Owner's Consultant's services for the Project are delayed or suspended for more than ninety (90) days for reasons beyond Owner's Consultant's control.

2. For convenience:

- a. By Owner effective upon Owner's Consultant receipt of notice from Owner.
- b. The terminating party under Paragraphs 7.05.A.1 or 7.05.A.2 may set the

effective date of termination at a time up to thirty (30) days later than otherwise provided to allow Owner's Consultant to complete tasks whose value would otherwise be lost, to prepare notes as to the status of completed and uncompleted tasks, and to assemble Project documents in orderly files.

7.6 *Controlling Law*

A. This Agreement is to be governed by the law of the state of Oregon.

7.7 *Successors, Assigns, and Beneficiaries*

A. Owner and Owner's Consultant are hereby bound and the successors, executors, administrators, and legal representatives of Owner and Owner's Consultant (and to the extent permitted by Paragraph 7.07.B the assigns of Owner and Owner's Consultant) are hereby bound to the other party to this Agreement and to the successors, executors, administrators and legal representatives (and said assigns) of such other party, in respect of all covenants, agreements and obligations of this Agreement.

B. Neither party shall assign, sublet or transfer any rights under or interest (including, but without limitation, moneys that are or may become due) in this Agreement without the prior written consent of the other party. Any such assignment, subletting or transfer without prior written consent shall be void and of no force or effect. Unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under this Agreement.

C. Unless expressly provided otherwise in this Agreement:

Nothing in this Agreement shall be construed to create, impose or give rise to any duty owed by Owner or Owner's Consultant to any Design/Builder, Design/Builder's subcontractor or supplier, other individual or entity, or to any surety for or employee of any of them.

All duties and responsibilities undertaken pursuant to this Agreement will be for the sole and exclusive benefit of Owner and Owner's Consultant and not for the benefit of any other party.

7.8 *Dispute Resolution*

A. *Negotiation.* Owner and Owner's Consultant agree to negotiate all disputes between them in good faith prior to exercising their rights under this Agreement, or under law.

B. *Agreement to Mediate.* If negotiation fails to resolve the dispute, then the parties agree that any dispute arising from or related to this Agreement shall be subject to mediation as a condition precedent to litigation.

Unless the Owner elects otherwise, all claims, disputes, matters, causes of action and questions arising out of, or relating to, this Agreement, the formation thereof or the breach thereof, excepting only claims for contribution or indemnity arising out of or relating to a

lawsuit filed by or against any party to this Agreement, will be submitted to a mediator agreed to by both. Such mediation shall be conducted in accordance with the American Arbitration Association Construction Industry Mediation Procedures in effect on the Effective Date of this Agreement, and shall occur exclusively in Klamath Falls, Oregon. The mediation fees and mediator's expenses shall be shared equally by the parties. The parties agree to exercise their best efforts in good faith to resolve all disputes in mediation.

C. *Jurisdiction.* If the parties are unable to reach a resolution by means of mediation, all claims, disputes, matters, causes of action and questions arising out of, or relating to, this Agreement shall be brought and conducted solely and exclusively in the Circuit Court of Klamath County. This Agreement shall be construed under Oregon law (without regard for choice of law considerations) and the policies and procedures of Owner, as amended from time to time. For this purpose, Owner's Consultant specifically consents to jurisdiction in Klamath County Circuit Court and expressly waives the right to assert that venue should rest in another locale, or that Klamath Falls, Oregon is a forum non-conveniens.

D. *Joinder.* At Owner's election, Owner's Consultant agrees and consents to being joined, by consolidation, joinder or otherwise, to any litigation, arbitration or other proceeding which Owner determines, in its sole and absolute discretion, involves a common question of fact or law, and Owner's Consultant hereby agrees to include in its agreements with its subconsultants entered into in connection with the Project provisions identical to those contained in this Paragraph 7.08.D to allow (and require) such parties to be so joined to any such litigation, arbitration or other proceeding. The foregoing agreement shall be specifically enforceable under applicable law in any court, arbitration or other tribunal having jurisdiction thereof.

E. *Exceptions.* This Agreement to litigate shall not apply to any claim involving a third-party who is under no obligation to litigate the subject matter of such action with either of the parties hereto or such causes cannot be consolidated into one action.

F. *Attorney Fees.* Regardless of the method used to resolve disputes arising from or related to this Agreement, the parties to this Agreement expressly waive and release any rights either has to recover attorneys' fees and costs and experts' fees and costs incurred in connection with any and all disputes or claims of any kind arising out of or related to the Project, including without limitation, any rights to recover such fees and costs granted by any federal or state statute, regulation, or rule, including, but not limited to, lien statutes. This waiver and release applies to any and all disputes or claims of any kind, regardless of legal or equitable theory, and applies to fees and costs incurred before, during and after any mediation, arbitration, litigation, or court proceeding. Owner's Consultant shall include an equivalent waiver and release in each of the subcontracts and other agreements with its Subconsultants, subcontractors and suppliers, and shall indemnify, defend, reimburse and hold Owner harmless against any claims for fees or costs and against any damages resulting from the failure to do so. This shall not be interpreted to prohibit recovery of attorneys' fees as to indemnity damages as described in the indemnity clause(s) of this Agreement.

7.9 Hazardous Environmental Condition

A. Owner represents that to the best of its knowledge a Hazardous Environmental Condition does

not exist at the Site, except as expressly disclosed to Owner's Consultant in writing. Owner has disclosed to Owner's Consultant the existence of any known Hazardous Materials located at or near the Site, including type, quantity and location.

B. If Owner's Consultant encounters or learns of a Hazardous Environmental Condition at the Site, then Owner's Consultant shall notify (1) Owner and (2) appropriate governmental officials if Owner's Consultant reasonably concludes that doing so is required by applicable Laws and Regulations.

C. Unless otherwise indicated herein, Owner's Consultant's scope of services does not include any services related to a Hazardous Environmental Condition.

D. Owner acknowledges that Owner's Consultant is performing services for Owner and that Owner's Consultant is not and shall not be required to become an "owner," "operator," "generator," or "transporter" of Hazardous Materials which are or may be encountered at or near the Site in connection with Owner's Consultant's activities under this Agreement.

7.10 Allocation of Risks – Indemnification

A. To the fullest extent permitted by law, Owner's Consultant shall indemnify, defend, hold and save harmless Owner, Owner's officers, directors, members, partners, and employees ("Indemnities") from and against any and all claims, liabilities, costs, losses, expenses and damages, including reasonable attorney fees, arising out of or relating to the Project, and for injury, sickness, disease, or death, or injury to or destruction of property occurring on or in connection with the Project, including loss of use resulting therefrom, but only to the extent caused by the negligent acts, omissions or fault of Owner's Consultant or Owner's Consultant's officers, directors, members, partners, employees, or Owner's Consultant's Subconsultants in the performance and furnishing of Owner's Consultant's services under this Agreement. Owner's Consultant's liability under Article 7.10.A for loss of use shall only apply to the extent such losses are covered by an applicable policy of insurance.

B. In the event there are allegations or claims involving the concurrent negligence of Owner and Owner's Consultant, Owner's Consultant agrees to defend Owner until such time as there is a final and non-appealable adjudication apportioning liability between Owner and Owner's Consultant. Upon such determination, Owner shall remit to Owner's Consultant its apportioned share of liability for the costs associated with defending only the claim involving concurrent negligence. Owner's Consultant agrees to maintain records sufficient to allow Owner to determine its appropriate apportioned share.

C. To the fullest extent permitted by law, Owner's Consultant shall indemnify, defend, hold and save Indemnitees harmless from and against any and all claims, liability, loss, costs, expenses and damages, including reasonable attorney fees, fines, penalties and response costs related to or arising out of any material breach of any term or condition of this Agreement by Owner's Consultant, its agents, employees, Subconsultants, suppliers or subcontractors.

D. To the fullest extent permitted by law, Owner's Consultant shall indemnify, defend, hold and save Indemnitees harmless from and against any and all claims, liability, loss, costs, expenses and

damages, including reasonable attorney fees, related to or arising out of fines or penalties imposed on Owner by any federal, state or local court or administrative agency resulting from the failure of Owner's Consultant to comply with any Law and Regulations.

7.11 *Notices*

A. Except as otherwise provided herein, any notice required under this Agreement will be in writing, addressed to the appropriate party at its address on the signature page and given personally, by facsimile, by registered or certified mail (return receipt requested), or by a commercial courier service. All notices shall be effective upon the date of receipt.

7.12 *Survival*

A. All express representations, indemnifications or limitations of liability made in or given in this Agreement will survive its completion or termination for any reason.

7.13 *Severability*

A. Any provision or part of the Agreement held to be void or unenforceable under any law or regulation shall be reformed only to the extent necessary to cause such provision to be valid and enforceable while remaining as close as possible to the original provision, and all remaining provisions shall continue to be valid and binding upon Owner and Owner's Consultant.

7.14 *Waiver*

A. Non-enforcement of any provision by either party shall not constitute a waiver of that provision nor shall it affect the enforceability of that provision or of the remainder of this Agreement.

7.15 *Headings*

A. The headings used in this Agreement are for general reference only and do not have special significance.

7.16 *Integration*

A. This Agreement is solely for the benefit of the signatories hereto and represents the entire and integrated agreement between the parties hereto and supersedes all prior bids, proposals, offers, negotiations, representations, or agreements, either written or oral, including but not limited to Owner's Consultant's proposal related to the Project.

7.17 *No Modification*

A. No modification of this Agreement and no waiver of any rights, claims, remedies or defenses under this Agreement shall be valid or binding on Owner unless made in a writing signed by both parties. This Article 7.17 may not be waived under any circumstances and Owner's Consultant waives the right to assert that Owner has waived the requirements of Article 7.17.

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7.18 *Incorporation Downstream*

A. Owner's Consultant shall expressly incorporate into its subcontracts and supplier agreements, including those with its Subconsultants, all the terms and conditions of this Agreement, and expressly bind its Subconsultants, subcontractors and suppliers to all the terms and conditions of this Agreement. Owner's Consultant shall indemnify, defend, reimburse and hold Owner harmless against any claims for fees or costs and against any damages resulting from the failure to so incorporate.

7.19 *All Terms Material*

A. It shall be a material and substantial breach of this Agreement, if Owner's Consultant at any time breaches or fails to fully and timely comply with any term or condition in this Agreement, and entitles Owner to exercise any and all of its rights, claims and remedies available under this Agreement, or otherwise available at law or equity. One of the rights Owner has and may assert is to refuse to make any further payments to Owner's Consultant unless and until each and every breach or failure to comply is fully remedied, and Owner shall be entitled to pay any portion or all of Owner Consultant's unpaid services fees to cure any breach or failure to comply and to reduce Owner Consultant's unpaid services fees by such amount. If the cost to cure any breach or failure to comply exceeds the unpaid services fees, Owner's Consultant shall pay the difference to Owner upon demand. The rights of Owner under this subsection are in addition to all other rights, claims and remedies of Owner under this Agreement, at law, or in equity.

7.20 *Authority to Sign*

A. The person signing this Agreement on behalf of Owner's Consultant has full and complete authority to bind Owner's Consultant to all terms and conditions of this Agreement. Owner's Consultant signature on this Agreement confirms Owner's Consultant has read it entirely, understands all of it, and agrees to each and every term and condition in it, including all sections, together with all Addenda, Exhibits, Appendices and Attachments referenced herein, incorporated by reference or attached hereto.

ARTICLE 8 – DEFINITIONS

8.1 *Defined Terms*

A. Wherever used in this Agreement and printed with initial capital letters the following terms have the meanings indicated which are applicable to both the singular and plural thereof:

1. *Addenda*: Written or graphic instruments issued prior to the opening of Proposals which clarify, correct or change the Proposal Documents.
2. *Agreement*: This "Standard Form of Agreement between Owner and Owner's Consultant for Professional Services - Design/Build Project" including those Exhibits listed in Article 9 thereof and any other documents incorporated by reference.

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3. *Application for Payment:* The form acceptable to Owner which is to be used by Design/Builder in requesting progress or final payments for the completion of its Work and which is to be accompanied by such supporting documentation as is required by the Contract Documents.
4. *Change Order:* A document which is signed by Owner's Consultant and Owner to authorize an adjustment in the Basic Services outlined in Exhibit A or the time for performance thereof, issued on or after the Effective Date of the this Agreement.
5. *Conceptual Documents:* The drawings and specifications and/or other graphic or written materials, criteria and information concerning Owner's requirements for the Project, such as design objectives and constraints, space, capacity and performance requirements, flexibility and expandability, which show or describe the character, and scope of, or relate to, the Work to be performed or furnished by Design/Builder.
6. *Construction:* The performing or furnishing of labor, the furnishing and incorporating of materials and equipment into various portions of the Work, and the furnishing of services (other than Design Professional Services) and documents, all as required by the Drawings and Specifications. Construction may be provided by Design/Builder or Subcontractors or Suppliers.
7. *Contract Document:* The Contract Documents establish the requirements and obligations of the parties engaged in the final design and construction of the Project and include the Design/Build Agreement between Owner and Design/Builder, Addenda (which pertain to the Contract Documents), Design/Builder's Proposal (including documentation accompanying the Proposal and any post Proposal documentation submitted prior to the notice of award) when attached as an exhibit to the Design/Build Agreement, the notice to proceed, the bonds, the General Conditions, the Supplementary Conditions, the Conceptual Documents, the Specifications and the Drawings as the same are prepared by or for Design/Builder and approved by Owner, together with all Written Amendments, Design/Builder Change Orders, Work Change Directives, Field Orders and Owner's written interpretations and clarifications issued on or after the Effective Date of the Design/Build Agreement. Approved Shop Drawings and reports and drawings of subsurface and physical conditions are not Contract Documents.
8. *Contract Price:* The moneys payable by Owner to Design/Builder for completion of the Work in accordance with the Contract Documents and as stated in the Design/Build Agreement.
9. *Contract Times:* The numbers of days or the dates stated in the Design/Build Agreement to: (i) achieve Substantial Completion, and (ii) complete the Work so that it is ready for final payment.
10. *Defective:* An adjective which, when modifying the word Work, refers to Work that is unsatisfactory, faulty or deficient, in that it does not conform to the Contract

Documents, or does not meet the requirements of any inspection, reference standard, test or approval referred to in the Contract Documents, or has been damaged prior to final payment.

11. *Design Professional Services:* Services by Design/Builder related to the preparation of Drawings, specifications, and other design submittals specified by the Contract Documents and required to be performed by licensed design professionals, as well as service provided by or for licensed design professionals.
12. *Design/Build Agreement:* The written agreement contained in the Contract Documents between Owner and Design/Builder covering the Work to be performed or furnished with respect to this Project.
13. *Design/Build Cost:* The cost to Owner of those portions of the entire Project described in the Proposal Documents or Conceptual Documents prepared by Owner's Consultant. Design/Build Cost does not include Owner's Consultant's compensation and expenses, the cost of land, rights-of-way, or compensation for or damages to properties, or Owner's legal, accounting, insurance counseling or auditing services, or interest and financing charges incurred in connection with the Project or the cost of other services to be provided by others to Owner. Design/Build Cost is one of the items comprising Total Project Costs.
14. *Design/Builder:* The individual or entity with whom Owner enters into a written Design/Build Agreement covering Work to be performed or furnished with respect to the Project.
15. *Documents:* The documents, including data, reports, Conceptual Documents, Record Drawings, and other deliverables, whether in printed or electronic media format, provided or furnished in appropriate phases by Owner's Consultant to Owner pursuant to this Agreement.
16. *Drawings:* That part of the Contract Documents which graphically shows the scope, extent and character of the Work to be furnished and performed by Design/Builder and which have been prepared by or for Design/Builder and are approved by Owner. Shop Drawings are not Drawings as so defined.
17. *Effective Date of the Design/Build Agreement:* The date indicated in the Design/Build Agreement on which it becomes effective, but if no such date is indicated, it means the date on which the Design/Build Agreement is signed and delivered by the last of the two parties to sign and deliver.
18. *Effective Date of the Agreement:* The date indicated in this Agreement on which it becomes effective, but if no such date is indicated, the date on which the Agreement is signed and delivered by the last of the two parties to sign and deliver.
19. *Field Order:* A written order issued by Owner which directs minor changes in the Work but which does not involve a change in the Contract Price or the Contract Times.
20. *General Conditions:* The conditions which govern the Work to be performed or furnished by Design/Builder with respect to this Project.

21. *Hazardous Environmental Condition:* The presence at the Site of Hazardous Materials in such quantities or circumstances that there is a danger to persons or property.
22. *Hazardous Materials:* Asbestos, PCB's, petroleum, hazardous substances, or radioactive material. It is the intention of the parties that these terms be accorded the definition under applicable Laws and Regulations.
23. *Laws and Regulations; Laws or Regulations:* Any and all applicable laws, rules, regulations, ordinances, codes, taxes, standards and orders of any and all governmental bodies, agencies, authorities and courts having jurisdiction.
24. *Owner's Consultant's Subconsultants; Subconsultants;* Individuals or entities having a contract with Owner's Consultant to furnish services with respect to this Project as Owner's Consultant's independent professional associates, consultants, subcontractors or vendors.
25. *Project.* The Project refers to the design and construction of the Spring Street Sewage Treatment Plant Project located in Klamath County, Oregon.
26. *Proposal:* The offer or proposal submitted on the prescribed form setting forth the prices and times for the Work to be performed.
27. *Proposal Documents:* The advertisement or invitation, Request for Proposal, Proposal form, the Proposal security, if any, and the proposed Contract Documents (including all Addenda issued prior to receipt of Proposals).
28. *Reimbursable Expenses:* The expenses incurred directly by Owner's Consultant or its Subconsultants for transportation; providing and maintaining field office facilities including utilities; transportation of Resident Project Representatives; copying, facsimile and courier charges; reproduction of reports, Drawings, Specifications, Bidding Documents, and similar Project-related items expressly indicated in Exhibit C, and, if authorized in a written Change Order by Owner, overtime work requiring higher than regular rates. In addition, if authorized in a written Change Order by Owner, Reimbursable Expenses will also include expenses incurred for the use of highly specialized equipment.
29. *Resident Project Representative:* The authorized representative of Owner's Consultant who will be assigned to assist Owner's Consultant at the Site during the Design/Build Phase. The Resident Project Representative will be Owner's Consultant's agent or employee and under Owner's Consultant's supervision. As used herein, the term Resident Project Representative includes any assistants of Resident Project Representative agreed to via prior written consent by Owner. The duties and responsibilities of the Resident Project Representative are as set forth in Exhibit D.
30. *Samples:* Physical examples of materials, equipment, or workmanship that are representative of some portion of the Work and which establish the standards by which such portion of the Work will be judged.

31. *Site:* Lands or areas indicated in the Contract Documents as being furnished by Owner, upon which the Work is to be performed, rights-of-way and easements for access thereto, and such other lands furnished by Owner which are designated for use of Design/Builder.
32. *Specifications:* That part of the Contract Documents prepared by or for Design/Builder and approved by Owner consisting of written technical descriptions of materials, equipment, systems, standards and workmanship as applied to the Work and certain administrative details applicable thereto.
33. *Submittal:* A written or graphic document prepared by or for Design/Builder which is required by the Contract Documents to be submitted to Owner by Design/Builder. Submittals may include Drawings, Specifications, progress schedules, shop drawings, Samples, cash flow projections, and schedule of values.
34. *Substantial Completion:* The time at which the Work (or a specified part thereof) has progressed to the point where, as evidenced by Owner's certificate of Substantial Completion, the Work (or specified part thereof) is sufficiently complete, in accordance with the Contract Documents, so that it can be utilized for the purposes for which it is intended. If no such certificate is issued, the time at which the Work is complete and ready for final payment as evidenced by the Owner's written notice of acceptance and recommendation for final payment. The terms "substantially complete" and "substantially completed" as applied to all or part of the Work refer to Substantial Completion thereof.
35. *Supplementary Conditions:* The part of the Contract Documents which amends or supplements the General Conditions.
36. *Total Project Costs:* The sum of the Design/Build Cost, allowances for contingencies, the total costs of services provided by Owner's Consultant and (on the basis of information furnished by Owner) allowances for such other items as charges of all other professionals and consultants, for the cost of land and rights-of-way, for compensation for or damages to properties, for interest and financing charges and for other services to be provided by others to Owner.
37. *Work:* The entire completed project or the various separately identifiable parts thereof to be furnished or provided by Design/Builder as part of the progressive design/build process ("PDB"). Work includes and is the result of performing or furnishing Design Professional Services and Construction.
38. *Work Change Directive:* A written directive to Design/Builder, issued on or after the Effective Date of the Design/Build Agreement and signed by Owner, ordering an addition, deletion or revision in the Work, or responding to differing or unforeseen subsurface or physical conditions under which the Work is to be performed or to emergencies. A Work Change Directive will not change the Contract Price or the Contract Times, but is evidence that the parties expect that the change directed or documented by a Work Change Directive will be incorporated in a subsequently issued Design/Builder Change Order following negotiations by the parties as to its effect, if any, on the Contract Price or Contract Times.

ARTICLE 9 – EXHIBITS

9.1 *Exhibits Included*

- A. Exhibit A, "Owner's Consultant's Services"
- B. Exhibit B, "Owner's Responsibilities"
- C. Exhibit C, "Payments to Owner's Consultant for Basic Services and Reimbursable Expenses"
- D. Exhibit D, "Duties, Responsibilities and Limitations of Authority of Resident Project Representative"
- E. Exhibit E, "Insurance"

9.2 *Total Agreement*

A. This Agreement (consisting of pages 1 to 22 inclusive, together with the Exhibits identified above) constitutes the entire agreement between Owner and Owner's Consultant and supersedes all prior or contemporaneous written or oral understandings. This Agreement may only be amended, supplemented, modified or canceled by written instrument duly executed by Owner.

IN WITNESS WHEREOF, Owner and Owner's Consultant have signed this Agreement in duplicate. One counterpart each has been delivered to Owner and Owner's Consultant.

This Agreement will be effective on _____ (Effective Date of Agreement).

OWNER:

OWNER'S CONSULTANT:
HDR ENGINEERING, INC.

By: _____

By: _____

Title: _____

Title: _____

Date
Signed: _____

Date
Signed: _____

License or Certificate No. and State _____

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Address for giving notices:

Address for giving notices:

500 Klamath Ave, Klamath Falls, OR 97601

Designated Representative (Paragraph 7.2.A):

Designated Representative (Paragraph 7.2.A):

Title: _____

Title: _____

Facsimile Number: _____

Facsimile Number: _____

EXHIBIT A & B

This is EXHIBIT A & B, consisting of 16 pages, referred to in and part of the Standard Form of Agreement between Owner and Owner's Consult for Professional Services -Design/Build Project.
City of Klamath Falls

Progressive Design Build Owner's Representative

Scope of Work

Project Overview

The City of Klamath Falls (City) is starting the process of upgrading its wastewater treatment plant. The overall program the City has planned will include upgrades to accommodate future permit limits for wastewater discharge. The first phase of the program is to complete upgrades to a portion of the plant that is in need of refurbishment due to age. Due to the fact that the exact upgrades are not determined at this point, that the facility must continue to operate during construction, and that this first phase of work should integrate with the overall program to upgrade the facility, the City has elected to use a Progressive Design Build (PDB) project delivery method to implement plant upgrades to address aging facilities and potentially additional improvements while fitting with the overall plant upgrade program and available budget. The following scope of work has been prepared for HDR to serve in the role of Owner's Representative in support the City with the procurement of the PDB and in providing technical and construction management assistance throughout the design and construction phases of the project.

Task 1. Klamath Falls Conceptual Design

Update

The City of Klamath Falls submitted a Facility Plan to Oregon DEQ in 2009 for its wastewater treatment plant. Prior to commencing the solicitation of a PDB, the City desires that a Conceptual Design Update be conducted to review the basis of design contained in the current Facility Plan and determine relevant updates to the basis of design in order to receive more realistic PDB proposals. HDR will update flows and loads and prepare a basis of design memo to supplement the facility plan so that PDB entities will have a current design basis for preparing their proposals.

Work Activities

Evaluate treatment plant basis of design to update projected future flow and wasteloads. This task includes the following activities:

- Discussion with DEQ representative to confirm projected regulatory changes as of the date we anticipate starting this work (mid-March 2016) and understand status of TMDLs and other water quality considerations
- Develop draft basis of design memo prior to workshop
- Conduct a half day workshop (proposed agenda below)
- Develop final basis of design memo based on workshop discussion

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Proposed Workshop Agenda

- Review flows and loads in current facility plant
- Review updated flows and loads from current data
- Discuss considerations of showing SSSD flows and loads as part of basis of design, referencing the Joint Operations Memorandum HDR prepared in June 2014.
- Review a general project statement to be included in the solicitation documents based on updated basis of design
- Discuss operations or maintenance input for basis of design

Assumptions

- Duration of this task will be 2 months
- Workshop will be held at City facilities, attended by 4 HDR team members and will be 4 hours in duration

Deliverables

- Agenda for workshop
- Draft and Final basis of design memo, 1 electronic copy

City Responsibilities

- Prepare for workshop by review of draft basis of design
- Participate in Conceptual Design Update workshop

Task 2. PDB Solicitation Development

HDR will prepare Request for Qualifications (RFQ) and Request for Proposals (RFP) solicitation documents for the PDB procurement and meet with the City to review and collaborate on the selection criteria (both cost and qualifications) and evaluation equation (combination of cost and qualifications). HDR will prepare a Draft PDB contract utilizing the Design-Build Institute of America (DBIA) contract template modified to address the City's requirements. The City's legal counsel will provide review, comment, and approval of the final Contract provisions. The procurement will be performed in accordance with the appropriate Oregon Administrative Rules (OARs) and City of Klamath Falls procurement standards and regulations.

2.1 Solicitation Package Preparation

HDR will assist the City by managing the solicitation process and facilitating the work of the City's selection committee. Solicitation documents will be created for posting in key media outlets and contractor publications by the City. Based on comments, procurement workshop and

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meetings with City staff, the final solicitation documents will be provided to the City to be published in accordance with their regular advertisement policies. The solicitation process will be completed as a two step process, with a RFQ issued initially and then a RFP issued to entities that were short-listed from the RFQ process. The RFP process will include review of proposals, short listing of entities, reference site visits of short listed entities, and interviews with short listed entities. HDR will develop a solicitation schedule that outlines the timing of the various solicitation phase activities. HDR will support the development of the PDB contract. We will work with the City to determine if a single contract will be issued for the entire project, including construction, or if it would be beneficial to the City to issue a design phase contract initially and then work through the details of the construction phase contract separately. Drafts of the contract(s) will be included as part of the RFP solicitation documents.

2.1.1 Deliverables

- PDB solicitation schedule
- PDB procurement workshop agenda and meeting minutes
- Draft and Final RFQ, electronic copy
- RFQ advertisements for media release
- Draft and Final RFP, electronic copy
- RFP advertisements for media release
- Draft response to questions and/or addenda for solicitation documents

2.1.2 City Responsibilities

- Review of and comment on PDB Solicitation Schedule
- Review of and comment on drafts of RFQ and RFP
- Legal review and approvals of PDB contract
- Provide City staff to participate in procurement workshop and work with HDR team to provide comments, goals and objectives required to develop the detail of solicitation and scoring process
- Cost of advertisement of RFQ and RFP for PDB procurement
- Issuance of RFQ and RFP documents, answers to questions, and addenda

2.2 PDB Presentation Materials

HDR will assist the City in developing one set of presentation materials regarding the PDB solicitation process. HDR will prepare a PowerPoint presentation and provide one staff member to assist the Public Works Department in the presentation.

2.2.1 Deliverables

- Powerpoint presentation of PDB solicitation process

2.2.2 City Responsibilities

- Review and comment on presentation materials

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2.3 PDB Entity Selection

The RFQ and RFP process will follow a similar procedure as far as review of submittals, scoring, and notification. For the RFQ phase, after the selection committee identifies the shortlisted entities, HDR will develop letters notifying the qualified PDB entities of the opportunity to submit proposals. Upon receipt of proposals, the selection committee will score and short list entities for interview. After the selection committee identifies the shortlisted entities, HDR will develop letters notifying the selected PDB entities of their interview time and format, and letters notifying the rejected entities that they were not shortlisted. HDR will coordinate with the City to determine PDB entity reference sites to perform site visits. Provide draft interview questions to the City for their comment and finalize the questions to be used by the committee in the interviews. Scoring forms for the interview will be provided and support to the selection committee during the interview process will be provided. Following the final scoring of the interview, HDR will provide a summary of scoring and draft notification letters to the City for their use in sending the final notification letters to the entities that interviewed.

2.3.1 Deliverables

- RFQ Phase scoring sheets
- RFP Phase scoring sheets
- Coordination for site visits
- Draft interview questions for PDB interviews
- Interview scoring forms and final questions for interview
- Draft notification letters for selection of entity

2.3.2 City Responsibilities

- Scoring of Statements of Qualification, Proposals, and interviews
- Attendance at site visits
- Participation in interview process
- Sending final letters to entities regarding selection and interview process

2.4 PDB Entity Negotiations

HDR will assist the City in the negotiation of the final terms of the contract in accordance with the PDB procurement documents and proposal of the selected PDB entity. The meetings with the PDB entity will be documented with meeting minutes. The final contract will be provided to the City for signature by the City and PDB entity. It is anticipated that if a professional services contract is used for the design phase, the City will use a standard contract that does not require HDR support for contract terms negotiations.

2.4.1 Deliverables

- Meeting minutes and documentation of negotiation meeting with PDB entity to finalize contract terms
- Final PDB contract

2.4.2 City Responsibilities

- Negotiate with selected PDB entity
- All legal review and determination of legal sufficiency

2.5 Major Meetings associated with PDB Solicitation

- Initial Kickoff and Workshop for PDB Solicitation: Initial meeting to review the solicitation schedule and the key goals, objectives and factors that should be incorporated into the draft solicitation documents. HDR will provide PDB RFQ and RFP examples from other similar procurements for the City and HDR to utilize in developing the City's PDB procurement documents. The conceptual design update memorandum will be reviewed to determine potential early work packages and develop the background information that will be provided to the PDB proposers. An action item list will be developed at this meeting and used to track the key activities and questions that need to be completed during the solicitation process. A maximum of 6 hours is assumed for this meeting. This meeting will be in person.
- Follow-up Meeting for PDB Solicitation: Review action list to confirm directions and decisions made at the initial meeting. Confirm direction to move forward on the solicitation documents. A maximum of 2 hours is assumed for this meeting. This meeting will be a conference call.
- Review of Draft RFQ Documents: Meeting to review the RFQ documents and scoring criteria for qualifying PDB entities. Meeting will result in the information required for the finalization of the RFQ. A maximum of 2 hours is assumed for this meeting. This meeting will be a conference call.
- Review of Draft RFP Documents: Meeting to review the RFP documents, proposal requirements, interview structure, and scoring criteria for the best value selection process. Meeting will result in the information required for the finalization of the solicitation documents. A maximum of 4 hours is assumed for this meeting. This meeting will be a conference call.
- Review of Draft Contract Meeting: Meetings to review the draft contract and discuss the contract terms, preconstruction work of the PDB, potential early work packages, requirements for self performance and bidding out of work, negotiation terms and conditions, PDB fee and owner's contingency. Two meetings with a total of 10 hours is assumed. One meeting will be conducted in person and one on the phone.
- Pre-SOQ Meeting: One HDR person will attend a Pre-SOQ Meeting to support the City. HDR will prepare an agenda
- Selection Committee Meeting for SOQ Scoring: Each member of the committee will score the SOQs individually and then the committee will meet to review the

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results and determine the entities that will be invited to propose. This meeting is assumed to take a maximum of 4 hours. This meeting will be a conference call.

- **Pre-Proposal Meeting:** One HDR team member will attend a Pre-Proposal meeting to support the City. This meeting will be conducted in person
- **Selection Committee Meeting for Proposal Scoring:** Each member of the committee will score the Proposals individually and then the committee will meet to review the results and determine the entities that will be interviewed. This meeting is assumed to take a maximum of 4 hours. This meeting will be a conference call.
- **Site Visits:** At least one reference project for each of the shortlisted PDB entities will be visited to assess project quality and have an opportunity to discuss performance with the owner. Assume a maximum of three entities will be interviewed, therefore three site visits will be conducted. Each site visit will be a full day trip.
- **Interviews of PDB Entities:** Assume a maximum of three entities will be interviewed by the committee and that each interview will not exceed two hours. Following each interview the scoring team will have an hour for the completion of their scoring of the interview. Following the final interview the committee will meet to complete the scoring process and make their selection. The maximum time for these interviews and scoring will be 16 hours.

2.5.1 Deliverables

- Agendas for meetings
- Minutes from meetings

2.5.2 City Responsibilities

- Attendance at meetings
- Review and comment on meeting minutes

Task 3. Design and GMP Support

Design phase services will include support of the City during the design development of the project through the completion of a Guarantee Maximum Price (GMP) for final design and construction.

3.1 Design QA

HDR will request a project schedule from the PDB entity upon notice to proceed from the City. We will track schedule performance in order to maintain project progress. HDR will participate in periodic design meetings in order to understand the direction of the project and design issues.

HDR will coordinate with the City and participate in design milestone review meetings. It is assumed that all aspects of the project will be developed as a single milestone submittal through the 30% stage of the project. HDR will provide QA of the 30% cost estimate. The PDB entity will identify if the projects will be divided into procurement packages that may be executed at different schedules. Quality Assurance reviews for the individual design procurement packages will be completed. One 60% package and one GMP package have been assumed for QA level of effort. HDR will provide QA of the 60% cost estimate. Finally, HDR will compile City comments and provide a consolidated review log to the PDB entity for the design milestone review packages.

3.1.1 Deliverables

- Comments on project schedule
- QA comments from design submittal reviews
- Consolidated QA review comments for each package

3.1.2 City Responsibilities

- Participation in review meetings
- Review and comment on design milestone packages

3.2 Value Engineering

Because the City is receiving funding from the Clean Water State Revolving Loan Fund and the project cost is more than \$10 million, a Value Engineering process is required by DEQ. To comply with this requirement, HDR will provide a four member Value Engineering team along with a Value Engineering Team Coordinator (VETC) to review the 30% submittal package provided by the PDB entity. The following subtasks described the work activities associated with the VE.

3.2.1 Task management and coordination

The final arrangements for the VE workshop will be made by HDR. A meeting room for the workshop will be identified and provided by the City. It is important that the room be large enough to house the VE team and those attending the initial and final briefings. The availability of copiers, scanners, printers and fax machines for use by the VE team during the workshop will be provided by the City. VE Team Members with expertise relevant to the project and who otherwise have not been involved in the project will be provided by HDR. To assure VE Team Member availability, selection of VE Team Members should be completed 8 weeks prior to the VE workshop. Coordination with the PDB entity, the City and the VE Team Members will be provided throughout the VE effort.

3.2.2 Collect, Review, and Distribute VE Information

A coordination call will be held to discuss the logistics of conducting the VE analysis, the details of the project, the logistics of obtaining the information needed by the VE team and other information needed to effectively initiate the project work. The VETC will obtain and review

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information from the PDB and will coordinate distribution of the information to the VE Team Members at least one week before the workshop for their review. The analyses conducted during the VE workshop (3.2.4) will be based upon the materials provided by the PDB. The VETC will discuss these documents with the PDB as necessary to develop a clear understanding of the project.

3.2.3 Cost Estimate Review

The project construction cost estimate will be reviewed and categorized in such a manner that the costs of the plant elements are tabulated in descending order of costs. The resulting tabulation will assist the VE team in identifying the highest cost items to assist in prioritizing their efforts during the workshop.

3.2.4 VE Workshop

VE team members will review project-related materials prior to starting the workshop. They will come to the workshop understanding the project and having developed some ideas and questions about the project. A suggested workshop agenda is shown in Table 1.

The VE analysis uses a structured five-phase process as described below:

- Information phase – Information on the project is collected and reviewed by the VE team prior to the workshop. The information phase continues when the workshop opens with a presentation by the PDB and the City. The purpose of the presentation is to provide the VE team with information about the alternatives previously considered as the design was developed, information about the existing treatment facility and the basis for the recommended approach and to respond to questions from the VE team. The VE team will visit the project site.
- Speculative/Creative phase – The VE team will develop creative ideas that could be applied to the project design. This is a brainstorming process in which ideas are thrown out and listed without judging their merit.
- Evaluation phase – Each of the ideas developed in the speculative/creative phase is discussed and evaluated. Each idea is assigned a rating of 1 to 10 based upon the consensus of the VE team after considering such questions as: what are the advantages and disadvantages of the idea, will the idea increase or decrease capital costs, will the idea increase or decrease operating costs, will the idea improve operability, will the idea improve reliability, etc.
- Investigation phase – The top-ranked ideas from the evaluation phase are evaluated in detail. Ideas are assigned to individual team members for evaluation. Copies of the detailed investigation worksheets generated by the VE Team Members will be provided as a part of the VE report.
- Recommendation phase – The VE team discusses the results of the investigation of each idea and agrees upon the ideas that will be recommended. A summary table of

recommended ideas is developed that shows the cost impacts of each idea. The results of the VE workshop are presented to the PDB and the City in an informal presentation. The purpose of the presentation is to be sure that they understand each of the recommendations. Following the workshop, the draft VE report will be submitted to the PDB and the City. A phone discussion of the draft VE report is held to determine if any clarifying changes are required. The final VE report is then submitted. The City and PDB then will decide upon which of the VE recommendations to adopt, reject or modify. The agenda in Table 1 is based upon a 40-hour workshop conducted over a 5-day period.

TABLE 1. SUGGESTED AGENDA FOR VE WORKSHOP

DAY ONE 8 AM – NOON, INFORMATION PHASE

- Introduction by VETC
- Project description and presentation by the PDB and the City
- Visit project site

DAY ONE 1 PM – 6 PM, SPECULATIVE/CREATIVE PHASE

- Review cost estimate, identify high cost items
- Identify areas for speculative phase
- Begin listing creative ideas

DAY TWO 8 AM –NOON, SPECULATIVE/CREATIVE AND EVALUATION PHASE

- Complete Speculative/Creative phase
- Begin Evaluation Phase to select best ideas for further investigation based on advantages/disadvantages and ranking of ideas

DAY TWO, 1 PM-6 PM, EVALUATION PHASE

- Continue Evaluation Phase

DAY THREE, 8 AM – NOON, INVESTIGATION PHASE

- Complete Evaluation Phase
- Begin investigation of ideas
 - Compute life-cycle costs
 - Prepare sketches of ideas
 - List advantages/disadvantages of each idea
 - Prepare summary sheet for each idea

DAY THREE, 1 PM-6PM, INVESTIGATION PHASE

- Continue investigation of ideas

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DAY FOUR, 8AM-6PM, INVESTIGATION PHASE

- Complete investigation phase

DAY FIVE 8 AM – 10 AM, RECOMMENDATION PHASE

- VE team agrees on recommendations and finalizes summary table

DAY FIVE, 10 AM – NOON, RECOMMENDATION PHASE

- Informal presentation of VE workshop results

3.2.5 Prepare VE Report

The VE report summarizes the VE process and clearly identifies which ideas are recommended by the VE team. All the ideas that are developed in some detail (capital, O&M and life cycle costs estimated) are provided with a unique identifying number that can be used to locate all the worksheets relating to that idea. The VE report will include the descriptions of the alternatives considered and the capital, O&M and life cycle costs for the evaluated alternatives as well as the VE team's recommendations. A proposed outline of the VE report is shown in Table 2.

The draft VE report is reviewed with the PDB and the City. The VETC will participate in one three-hour telephone meeting with the PDB and the City to discuss comments on the draft VE report. The purpose of the discussion is to identify any parts of the VE report that need clarification. The meeting participants will agree upon any changes to be made in the draft report. The changes agreed upon will be incorporated into the final VE report. Three copies of the final report will be submitted as well as an electronic copy of the report.

TABLE 2.VE REPORT OUTLINE

Section	Description
Summary	Title Table of Contents Project Summary Description SUMMARY OF VE RECOMMENDATIONS AND COST IMPLICATIONS
I	INTRODUCTION General Scope of Study VE Workshop Participants

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II	<p>PROJECT DESCRIPTION</p> <p>General Description of Alternatives</p>
III	<p>VALUE ENGINEERING PROCEDURE</p> <p>General Pre-Workshop Preparation Project Constraints Project Cost Estimate VE Workshop Post-Workshop Procedures Recommendations</p>
APPENDICES	<p>SPECULATION WORKSHEETS</p>
A	<p>IDEA EVALUATION WORKSHEETS</p>
B	<p>VE ANALYSIS WORKSHEETS (includes description of VE ideas, advantages, disadvantages and cost estimates)</p>
C	
D	<p>LIST OF VE TEAM MEMBERS</p> <p>CONTACT INFORMATION</p>

3.3 Review GMP

HDR will assist the City negotiation and execution of the GMP.

3.3.1 Approach

- Pre-proposal Meeting: HDR will prepare an agenda and lead a GMP pre-proposal meeting with the PDB.
- Cost Estimates: HDR will prepare an Independent Cost Estimate (ICE) of the GMP package presented by the PDB. This estimate will be used by the City for negotiating the GMP.
- Negotiating the GMP Amendment: HDR will assist the City with reviewing the PDB's proposal and negotiating the GMP.

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- GMP: Prepare GMP for the City to present to the City Council for approval and award.

3.3.2 Assumptions

- Pre-proposal meeting: HDR will prepare an agenda and distribute to the City and PDB. At the conclusion of the conference, HDR will prepare a written record of the meeting. HDR will distribute copies of the minutes
- It is assumed that one GMP will be prepared during the course of the project.
- One ICE will be prepared by HDR.

3.3.3 Deliverables:

- Pre-negotiation meeting agenda and meeting notes.
- ICE
- Recommendations for GMP amount including allowances and contingencies.

Task 4. Construction Phase Services

Provide construction administration and observation services during construction (after approval of the GMP proposal and issuance of NTP for final design and construction phase services.)

4.1 Construction Support

HDR will support the City through administrative and field services during the construction phase of the project. The following describe work activities to support these services.

4.1.1 Construction Administration

- Receive and file pre-construction documents including Bureau of Labor and Industry (BOLI) reports, insurance certificates, etc.
- Review and comment on the PDB's baseline schedule and monthly updates.
- Respond to questions as to the quality and acceptability of materials furnished, work performed, and/or rate of progress of work performed by the PDB.
- Receive, log and transmit submittals to the appropriate parties (shop drawings, catalog cuts, material certifications and other submittals required by the specifications for compliance with the contract requirements) for review and action.
- Maintain payment, change request, change order, submittal, RFI, and non-conformance logs on site for review.
- Prepare and distribute change requests to the PDB.
- Prepare independent cost opinions for changes.

- Receive the PDB's change request estimates, distribute to the City, review the estimate, and make recommendations to the City.
- Review payment estimates from the PDB and transmit them to the City. Review documentation accompanying monthly payment request to confirm compliance with the Contract Documents. Notify the PDB of any deficiencies.
- Review monthly reports on the status of the work, schedule, and costs against the GMP prepared by the PDB.

4.1.2 Field Services

- Provide an on-site representative who will have periodic contact with the PDB and the City.
- Maintain a document management system in the project field office for tracking receipt and distribution of correspondence, submittals, RFI's, change requests, and daily reports.
- Prepare Construction Observation report reports describing the contractor's activities performed for each working day HDR staff is present on site. The report will identify materials and equipment installed, construction equipment used by the PDB, craft on site, etc.
- Construction meetings: Participate in construction meetings with the City and PDB.
- Provide photographs during the course of construction when on site.
- Coordinate and manage testing subcontractor(s). Coordinate the work of the testing laboratories in the observation and testing of materials used in the construction. Document and evaluate results of tests and identify deficiencies. Review test results and notify the Contractor of any deficiencies. Track remedial actions until work is completed in accordance with the contract documents.

4.1.3 Assumptions

- HDR will provide review major process mechanical equipment submittals. Based on the uncertain nature of the final project scope, it is assumed that major process mechanical submittals will total 20 in number and will require approximately 4 hours per submittal for review. If there are additional submittals beyond the 20 assumption, an amendment can be developed for additional submittals.
- HDR will review PDB QA/QC Plan at the start of construction.
- HDR will review O&M Manual to confirm it meets DEQ requirements.
- HDR will review change requests in support of field activities, provide guidance to the City if there are proposed changes in the field compared to design drawings, specifications, or contract documents.
- The PDB will prepare a monthly report for the City and HDR on the status of the work, schedule, and costs against the GMP.

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- The budget and costs for this work are based on a level of effort agreed on by the City and the duration of the PDB's construction schedule. Any changes to that schedule could impact the budget. The City and HDR will periodically review the budget and make adjustments as needed.
- For Subtask 4.1.1, the work activities are assumed to be provided from administrative support of 15 hours per week for up to 18 months of construction activities has also been included.
- For Subtask 4.1.2, the work activities are assumed to be completed by a field engineer which will be on site approximately 15 hours per week for 18 months of construction activities.
- In order to control budget for Subtasks 4.1.1 and 4.1.2, the City will identify administrative support and field support activities to limit consultant time to available budget.
- The PDB will provide job site space for field representative, including desk and office equipment.
- Current scope for testing services is limited to supporting coordination of testing. HDR can provide testing services for the City if requested. These services would be provided through a separate testing services contract.

4.1.4 Deliverables

- Field Observation Reports – Submit to the City on a weekly basis or upon request.
- Construction Photographs – 1 set of weekly photos including pre-construction photographs will be maintained at the site and turned over to the City upon completion of the work.
- Change orders with back-up.
- HDR will provide periodic review of PDB maintained red-line drawings compared to actual construction work.
- Summary memo to the City of the status of the project, budget, and costs.

4.2 Close-out

Close-out project to achieve substantial completion and collect final project documentation.

4.2.1 Approach

- Prior to substantial completion, HDR will provide the PDB with a punch list of items to be completed or repaired before acceptance of the project. As the PDB completes each item, they will be removed from the list. On a weekly basis (or more frequently as agreed) HDR will meet with the PDB to review the status of the list.
- After the project is accepted, HDR will develop a list of items to be completed before the project is closed out. HDR will review this list with the City and PDB on a weekly basis (or as agreed.)

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- Turn over all project documents and files to the City.
- Review PDB Record Drawings. HDR will receive from PDB construction finished record drawings and red lines and will provide Quality Assurance review of record drawings to PDB redline mark ups. PDB will be responsible for verifying accuracy of record drawings. HDR will only evaluate whether redlines were transferred to record drawings.

4.2.2 Deliverables

- Punch list(s)
- Project files
- Record Drawing QA comments

Task 5. Project Support Services

5.1 Project Management

Project management includes developing the Project Management Plan, coordinating the project team, controlling project resources and the budget, and providing regular reports to the City's project manager.

5.1.1 Deliverables

- OE Kick Off Meeting to discuss project management plan, project goals, communication, etc. HDR will develop an agenda prior to the meeting and issue minutes after the meeting.
- Monthly progress reports to the City Project Manager including tasks completed during prior month, tasks to be completed that month, issues related to the scope of services or schedule, and information needed from the City.
- Regular communication (phone, e-mail) with the City's project manager. Duration is assumed to be 36 months.
- Monthly invoices and coordination with the City's project manager.
- Monthly schedule updates (submitted with invoices) of HDR's activities including percent complete estimates on task.
- PDB Kick Off meeting, including City, HDR, and PDB for contract orientation. This will be an all day meeting at a location in Klamath Falls to be determined by the City. HDR will distribute meeting notes after the meeting.

5.1.2 City Responsibilities

- Active collaboration in communication and coordination of project.
- Prompt payment of invoices
- Participation in Kick Off meeting

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5.2 Quality Assurance/Quality Control (QA/QC) Program

QA/QC will be provided for items submitted to the City or the PDB during the course of the projects. Deliverables identified in tasks above will receive QC before submittal. A QC Plan will be developed at the start of the project as part of the Project Management Plan. The QC Plan will identify the deliverables to be submitted, the required QC reviewer, allocation of budget for QC, the schedule for QC and standards for QC.

5.2.1 Deliverables

- QC Plan

5.2.2 City Responsibilities

- None

5.3 Optional Services

The following optional services have been identified for the project. These services would require additional authorization to proceed.

5.3.1 Miscellaneous Project Support Services - This task is provided as an allowance to support the City project manager for activities that are not specifically identified in any scope of services above.

5.3.2 Survey Staking Quality Control and Field Checking – Support during construction to perform QC and field check of PDB survey staking.

5.3.3 Materials Testing Verification – Perform materials testing verification on 10% of PDB scheduled items

5.3.4 Perform Independent Materials Testing – Perform testing independent of PDB for the project

5.3.5 Additional month of construction field support – if construction is extended beyond 18 month duration, budget for additional month of support

5.3.6 Additional month of construction administration support – if construction is extended beyond 18 month duration, budget for additional month of support

EXHIBIT C

This is **EXHIBIT C**, consisting of pages, referred to in and part of the **Standard Form of Agreement between Owner and Owner's Consultant for Professional Services - Design/Build Project** dated , .

Payments to Owner's Consultant for Basic Services and Reimbursable Expenses

Article 4 of the Agreement is amended and supplemented to include the following agreement of the parties:

ARTICLE 4 – PAYMENTS TO OWNER'S CONSULTANT

C4.01 For Basic Services

Compensation for services rendered by Owner's Consultant's team members shall be based upon the hourly billing rates set forth in Attachment 1 to Exhibit C. Included in hourly billing rates are the salaries, benefits, taxes, overhead and profit for the designated team members.

Owner's Consultant shall be compensated by the Owner for the Basic Services outlined in Exhibit A to the Agreement in amounts up to the Not-To-Exceed Fees outlined by task set forth in Attachment 1 to Exhibit C. Optional Tasks are in the discretion of the Owner and are set forth in Attachment 1 to Exhibit C.

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EXHIBIT D

This is **EXHIBIT D**, consisting of 5 pages, referred to in and part of the **Standard Form of Agreement between Owner and Owner's Consultant for Professional Services - Design/Build Project** dated , .

Duties, Responsibilities and Limitations of Authority of Resident Project Representative

ARTICLE D1 – RESIDENT PROJECT REPRESENTATIVE

D1.01 General:

A. Owner's Consultant shall furnish a Resident Project Representative ("RPR") to assist Owner's Consultant in observing the progress and quality of the Construction of Design/Builder.

B. Through observations of Construction in progress and field checks of materials and equipment by the RPR, Owner's Consultant shall endeavor to provide further protection for Owner against defects and deficiencies in the Construction of Design/Builder. However, Owner's Consultant shall not, during such visits or as a result of such observations of Design/Builder's construction in progress, supervise, direct, or have control over the Construction nor shall Owner's Consultant have authority over or responsibility for the means, methods, techniques, sequences or procedures selected by Design/Builder, for safety precautions and programs incident to the Construction of Design/Builder, for any failure of Design/Builder to comply with laws, rules, regulations, ordinances, codes or orders applicable to Design/Builder's performing and furnishing the Construction, or responsibility of construction for Design/Builder's failure to furnish and perform the Construction in accordance with the Contract Documents.

D1.02 Duties, Responsibilities and Role:

A. RPR is Owner's Consultant's agent at the Site, and will act as directed by and under the supervision of Owner's Consultant, and will confer with Owner's Consultant regarding RPR's actions. RPR's dealings in matters pertaining to the on-Site construction shall in general be with Owner's Consultant and Design/Builder, keeping Owner advised as necessary. RPR's dealings with subcontractors shall only be through or with the full knowledge and approval of Design/Builder. RPR shall generally communicate with Owner with the knowledge of and under the direction of Owner's Consultant.

B. RPR shall have the following specific duties and responsibilities:

1. *Schedule*: Review the progress schedule, schedule of Submittals, schedule of values, and cash flow curves prepared by Design/Builder and consult with Owner's Consultant concerning acceptability.

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2. *Conferences and Meetings:* Attend meetings with Design/Builder, such as initial conferences, progress meetings, job conferences and other project-related meetings, and prepare and circulate copies of minutes thereof.
3. *Liaison:*
 - a. Serve as Owner's Consultant's liaison with Design/Builder and Owner at the Site, working principally through Design/Builder's superintendent.
 - b. Assist in obtaining from Owner additional details or information, when required for proper execution of the Construction.
4. *Submittals:*
 - a. Record date of receipt of Submittals if they are to be received at the Site by RPR.
 - b. Receive Submittals which are furnished at the Site by Design/Builder, and notify Owner of availability of Submittals for examination by Owner.
 - c. Advise Owner and Design/Builder of the commencement of any Construction requiring a Submittal for which RPR believes that the Submittal has not been approved by Owner.
5. *Review of Construction, Rejection of Defective Construction; Inspections and Tests:*
 - a. Conduct on-Site observations of the Construction in progress to assist Owner's Consultant in determining if the Construction is in general proceeding in accordance with the Contract Documents.
 - b. Report to Owner's Consultant whenever RPR believes that any Construction will not produce a completed Project that conforms generally to the Contract Documents or will prejudice the integrity of the design concept of the completed Project as a functioning whole as indicated in the Contract Documents, or has been damaged, or does not meet the requirements of any inspection, test or approval required to be made; and advise Owner's Consultant of Construction that RPR believes should be corrected or rejected or should be uncovered for observation, or requires special testing, inspection or approval.
 - c. Verify that tests, equipment and systems startups and operating and maintenance training are conducted in the presence of appropriate personnel, and that Design/Builder maintains adequate records thereof; and observe, record and report to Owner's Consultant appropriate details relative to the test procedures and startups.
 - d. Accompany visiting inspectors representing public or other agencies having

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jurisdiction over the Project, record the results of these inspections and report to Owner's Consultant.

6. *Interpretation of Contract Documents:* Report to Owner's Consultant when clarifications and interpretations of the Contract Documents are requested and transmit to Design/Builder clarifications and interpretations as issued by Owner.

7. *Modifications:* Consider and evaluate Design/Builder's suggestions for modifications in Drawings or Specifications and report RPR's recommendations to Owner's Consultant.

8. *Records:*

- a. Maintain at the Site orderly files for correspondence, reports of job conferences, reproductions of original Design/Builder Contract Documents including all work Change Directives, Addenda, Design/Builder Change Orders, Field Orders, Drawings and Specifications issued subsequent to the execution of the Contract, Owner's clarifications and interpretations of the Contract Documents, progress reports, Submittals received from and delivered to Design/Builder and other Project related documents.
- b. Prepare a daily report or keep a diary or log book, recording Design/Builder's hours on the Site, weather conditions, data relative to questions of Work Change Directives, Design/Builder Change Orders, Hazardous Environmental Conditions, or changed conditions, list of Site visitors, daily activities, decisions, observations in general, and specific observations in more detail as in the case of observing test procedures; and send copies to Owner's Consultant.
- c. Record names, addresses and telephone numbers of Design/Builder, all subcontractors and major suppliers of materials and equipment.
- d. Maintain records for use in preparing Project documentation.
- e. Upon completion of Design/Build Phase, furnish original set of all RPR Project documentation to Owner's Consultant.

9. *Reports:*

- a. Furnish to Owner's Consultant periodic reports as required of progress of the Construction and of Design/Builder's compliance with the progress schedule and schedule of Submittals.
- b. Furnish to Owner's Consultant copies of all tests, inspections or system startup of important phases of the Construction.
- c. Assist Owner's Consultant in drafting proposed Design/Builder Change

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Orders and Work Change Directives and obtain backup material from Design/Builder.

- d. Report immediately to Owner's Consultant the occurrence of any accidents on or adjacent to the Site, any Hazardous Environmental Conditions, emergencies, or acts of God endangering the Work, and property damaged by fire or other causes.

10. *Payment Request:* Review Applications for Payment with Design/Builder for compliance with the established procedure for their submission and forward with recommendations to Owner, noting particularly the relationship of the payment requested to the schedule of values, Construction completed, and materials and equipment delivered at the Site but not incorporated in the Construction.

11. *Certificates, Maintenance and Operation Manuals:* During the course of the Construction, verify that certificates, maintenance and operation manuals and other data required to be assembled and furnished by Design/Builder are applicable to the items actually installed and in accordance with the Contract Documents, and have this material delivered to Owner's Consultant for review and forwarding to Owner prior to final payment for the Construction.

12. *Completion:*

- a. Before Owner issues a Certificate of Substantial Completion, submit to Design/Builder a list of observed items requiring completion or correction.
- b. Observe whether Design/Builder has had performed inspections required by laws, rules, regulations, ordinances, codes, or orders applicable to the Construction, including but not limited to those to be performed by public agencies having jurisdiction over the Construction.
- c. Participate in a final inspection in the company of Owner's Consultant, Owner and Design/Builder and prepare a final list of items to be completed or corrected.
- d. Observe whether all items on final list have been completed or corrected and make recommendations to Owner's Consultant concerning acceptance and issuance of the Notice of Acceptability of the Construction.

C. Resident Project Representative shall not:

1. Authorize any deviation from the Contract Documents or substitution of materials or equipment unless authorized by Owner;
2. Exceed limitations of Owner's Consultant's authority as set forth in the Agreement or the Contract Documents;

3. Undertake any of the responsibilities of Design/Builder, subcontractors, suppliers, or Design/Builder's superintendent;
4. Advise on, issue directions relative to or assume control over any aspect of the means, methods, techniques, sequences or procedures of Construction;
5. Advise on, issue directions regarding, or assume control over safety precautions and programs in connection with the Construction;
6. Accept Submittals from anyone other than Design/Builder; and
7. Participate in specialized field or laboratory tests or inspections conducted by others except as specifically authorized by Owner's Consultant.

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EXHIBIT E

This is **EXHIBIT E**, consisting of 2 pages, referred to in and part of the **Standard Form of Agreement between Owner and Owner's Consultant for Professional Services - Design/Build Project** dated , .

Insurance

Paragraph 7.04 of the Agreement is amended and supplemented to include the following agreement of the parties:

E7.04 Insurance:

The minimum limits of liability for the insurance required by Paragraph 7.04 of the Agreement are as follows:

A. By Owner's Consultant:

- | | | |
|----|---|-------------|
| 1. | Workers' Compensation: | Statutory |
| 2. | Employer's Liability – | |
| | 1) Each Accident: | \$1,000,000 |
| | 2) Disease, Policy Limit: | \$1,000,000 |
| | 3) Disease, Each Employee: | \$1,000,000 |
| 3. | Comprehensive Commercial General Liability – | |
| | 1) Products and Completed Operations | \$2,000,000 |
| | 2) General Aggregate: | \$2,000,000 |
| | 3) Each Occurrence (Bodily Injury and Property Damage): | \$1,000,000 |
| 4. | Excess Umbrella Liability – | |
| | 1) Each Occurrence: | \$2,000,000 |
| | 2) General Aggregate: | \$2,000,000 |
| 5. | Automobile Liability – | |
| | 1) Combined Single Limit (Bodily Injury and Property Damage): | |
| | a) Each Accident | \$2,000,000 |
| 6. | Professional Liability Insurance | |
| | 1) Per Claim: | \$10,000,00 |
| | 2) Aggregate on a project specific basis | \$10,000,00 |

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Additional Insureds. The following individuals or entities are to be listed on Owner's Consultant's Comprehensive Commercial General Liability and Excess Umbrella Liability policies as additional insureds as provided in Paragraph 7.04.B of the Agreement: Owner and its agents, officers, directors, members, partners, and employees.

**KLAMATH FALLS CITY COUNCIL
AGENDA REPORT**



Agenda Item No. 4

Date: May 2, 2016

Department: Legal

Staff Presenter: Joanna Lyons-Antley

City Manager Review: 

Contact/Title: Joanna Lyons-Antley/City Attorney

Telephone No.: 541-883-5323

Email: jlyons@klamathfalls.city

TOPIC: Ordinance Amending Section 6.645 Relating to Parking Enforcement on Parking Lots Operated by the City – first reading

SUMMARY AND BACKGROUND:

Several citizens approached the County for access to the County lot at 4th Street and Klamath Ave. Since the County is not equipped to regulate parking spaces for the public, they approached the City to see if we would be willing to do so as part of our other parking enforcement. The County proposes to set aside 11 parking spaces for public parking. The City would enforce the rules for those spaces in part of the parking lot at Klamath Avenue and Fourth Street.

City Code Section 6.645 allows the City to enforce parking lots owned or leased by the City. An amendment to the Code is necessary to allow the City to enforce parking lots operated by the City.

The proposed amendment would be as follows:

6.645 PARKING ON CITY-OWNED PARKING LOT

- (1) No person shall move onto or leave standing a vehicle on any parking lot owned or leased operated by the City, which is provided for public parking in excess of the time limit posted upon the sign at the entrance of such parking lot.
- (2) No person shall move onto or leave standing a vehicle on any parking lot owned or leased operated by the City, which is provided for public parking, unless such vehicle is parked at the angle of and between painted strips or other markings upon the pavement and in such a way as not to impede other vehicles in the lot.
- (3) No person or motor vehicle shall go in or upon or be found within or upon the City-owned parking lot at City Hall between the hours of 3:00 a.m. and 6:30 a.m. of the same day throughout the year. City employees whose duties require them to be upon such premises and motor vehicles used to carry out these duties shall not be deemed in violation of this Subsection.
- (4) The City Manager shall establish, upon official motion of the Council, opening and closing hours for all City-owned or operated parking lots not covered by Subsection (3).

If authorized, the City would have more parking spaces available for its employee permit program. The City would sign the parking lot.

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FINANCIAL IMPACT:

The City would potentially collect more parking ticket revenue for persons parking in the lot for overtime parking.

COUNCIL OPTIONS:

1. Approve the proposed Ordinance.
2. Reject the proposed Ordinance.

DOCUMENTS ATTACHED:

- Parking Lot Agreement

RECOMMENDED MOTION/ACTION:

- Take public comment
- Move to introduce the Ordinance by title for first reading

NOTICE SENT TO:

Klamath County

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Klamath County

305 Main St Klamath Falls, OR 97601 (541)883-5100

Parking Lot Agreement

THIS INDENTURE OF AGREEMENT is made and entered into this 26th day of April, 2016, by and between Klamath County, a political subdivision of the State of Oregon (County), hereinafter called the LANDOWNER, and the City of Klamath Falls.

Location

Property description – Klamath Falls Original, Block 36, Lot 2 & 4 POR ALL 3.
Property ID: R766889 Map Tax Lot: R-3809-032AC-01900-000
Located on the corner of Klamath Ave and 4th St, also known as Parking Lot #4.

Purpose

Klamath County has agreed to set aside 11 parking spaces for public parking. The spaces are #'s 1 - 4 and 29 - 35. The agreement allows the City of Klamath Falls to monitor the parking lot.

Term

This agreement begins on the day this agreement is signed and continues until additional spaces are needed by County employees or the Board decides to pursue a different use. This agreement may be terminated by either Klamath County or The City of Klamath Falls on 30 days written notice.

Provisions

- A. As of the effective date of this agreement, the City of Klamath Falls agrees to:
 1. Provide it's professional services by monitoring and carrying out parking enforcement within the lot,
 2. Provide Klamath County with timely response to inquiries of information regarding said lot for the duration of this agreement,
 3. Place "public parking" sign(s) to identify the available spaces

- B. As of the effective date of this agreement, Klamath County agrees to:
 1. Cooperate with the City of Klamath Falls in an effort to provide more public parking by allowing public parking in spaces 1 - 4 and 29 - 35,
 2. Grant to the City of Klamath Falls the right to enforce all parking regulations/codes made by or under the authority of the City of Klamath Falls,
 3. Provide the City of Klamath Falls with timely response to inquiries of information regarding said lot for the duration of this agreement,

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ORDINANCE NO. 16-_____

ORDINANCE AMENDING SECTION 6.645 RELATING TO PARKING ENFORCEMENT ON PARKING LOTS OPERATED BY THE CITY

WHEREAS, Klamath County wishes the City to enforce the public parking on its parking lots; and

WHEREAS, the City's current Code allows only for enforcement for parking lots owned or leased by the City and the City desires to amend the Code to allow for enforcement on lots operated by the City; and **NOW THEREFORE**;

THE CITY OF KLAMATH FALLS HEREBY ORDAINS AS FOLLOWS:

Section 1

Section 6.645 of the City Code is amended as follows:

6.645 PARKING ON CITY-OWNED PARKING LOT

- (1) No person shall move onto or leave standing a vehicle on any parking lot owned or operated by the City, which is provided for public parking in excess of the time limit posted upon the sign at the entrance of such parking lot.
- (2) No person shall move onto or leave standing a vehicle on any parking lot owned or operated by the City, which is provided for public parking, unless such vehicle is parked at the angle of and between painted strips or other markings upon the pavement and in such a way as not to impede other vehicles in the lot.
- (3) No person or motor vehicle shall go in or upon or be found within or upon the City-owned parking lot at City Hall between the hours of 3:00 a.m. and 6:30 a.m. of the same day throughout the year. City employees whose duties require them to be upon such premises and motor vehicles used to carry out these duties shall not be deemed in violation of this Subsection.
- (4) The City Manager shall establish, upon official motion of the Council, opening and closing hours for all City-owned or operated parking lots not covered by Subsection (3).

Section 2

This Ordinance shall become effective 30 days after passage.

Passed by the Council of the City of Klamath Falls this ___ day of May, 2016.

Presented to the Mayor, approved and signed this ___ day of May, 2016.

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Mayor

ATTEST:

City Recorder

STATE OF OREGON }
COUNTY OF KLAMATH }ss.
CITY OF KLAMATH FALLS }

I, _____, Recorder for the City of Klamath Falls, Oregon,
do hereby verify that the foregoing is a true and correct copy of an Ordinance duly adopted by the
Council of the City of Klamath Falls, Oregon at the meeting on the ____ day of May, 2016 and therefore
approved and signed by the Mayor and attested by the City Recorder.

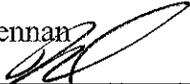
City Recorder

**KLAMATH FALLS CITY COUNCIL
AGENDA REPORT**



Agenda Item No. 5

Date: May 2, 2016

Department: Maintenance/Street Lighting	Contact/Title: Kelly Brennan, Maintenance Manager
Staff Presenter: Kelly Brennan	Telephone No.: (541)883-5397
City Manager Review: 	Email: kbrennan@klamathfalls.city

TOPIC: Sole Source Purchase of LED Cobra Head Fixtures from North Coast Electric in the Amount of \$155,390.75

SUMMARY AND BACKGROUND:

In 2012, the City purchased and installed 315 Holophane fixtures which provide a better quality light, are more energy efficient and require less maintenance. Savings from this phase showed an average of \$1,900 per month for a total of \$22,620 per year.

As the second phase of this project, in March 2014, the City purchased and installed 750 Holophane LED fixtures. The savings for this phase was \$1,650 per month, totaling \$19,800 per year. With the \$30,000 Energy Trust incentives received and cost savings, payback for this phase is 8.5 years.

In March 2015, the City continued with phase three of this project and replaced an additional 800 Holophane LED fixtures. Savings from this phase was \$1,784 per month for a yearly savings of \$21,408. After receiving \$32,000 in Energy Trust incentives for this phase and calculating energy savings, the payback period for this phase is 7 years.

The final phase of this LED retrofit addresses the remaining 380 cobra head fixtures in the system. City staff has purchased new street lighting design software that allowed staff to perform value engineering in house. This software kept project design costs down and will allow staff to analyze change out of the downtown decorative fixtures in future years. Projected savings for this portion of the project is approximately \$1,400 per month for a total annual savings of \$17,000 per year. We will receive \$37,160 in Energy Trust incentives. With energy savings and the incentives, project payback is just under 7 years.

The lighting designed illuminates to the national standard of 3.0 lumens in some areas but falls short in others due to the un-uniform spacing of the utility poles. However, this lighting is an improvement at an average of 2.0 lumens vs the 1.7 lumens average that is in place now and provides adequate lighting at an affordable price.

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FINANCIAL IMPACT:

This project is identified in the Maintenance Division's section of the FY2015-2016 CIP and in the Street Lighting Fund in the budget. The cost of the project will be funded with Street Lighting budgeted funds and with an Energy Trust of Oregon incentive that will be awarded upon completion of the project. Once completed, the City's total cost for the LED fixtures will be \$118,230.75.

COUNCIL OPTIONS:

- Authorize a sole source purchase of Holophane brand LED fixtures from North Coast Electric.
- Decline the purchase and continue using the existing fixtures.
- Decline the purchase and direct staff to research other products.

DOCUMENTS ATTACHED:

- North Coast Electric Quote
- 2016 ETO Incentives Sheet

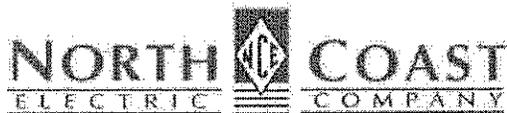
RECOMMENDED MOTION/ACTION:

Move to authorize a sole source purchase of Holophane brand LED fixtures from North Coast Electric in the amount of \$155,390.75.

NOTICE SENT TO:

- North Coast Electric

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13400 NE 16th Bellevue, Washington 98005 Tel. (425) 641-3400 Fax (425) 643-7835

QUOTATION

PROJECT NAME PHASE 4 STREET LIGHTING REPL 200 AND 400	
QUOTE NAME PHASE 4 STREET LIGHTING REPL 200 AND 400	BID DATE 4/6/2016

#	QTY	PART NO. / DESCRIPTION	UNIT PRICE	U / M	EXTENDED AMOUNT
1	221	ATB0-30BLEDE10-MVOLT-R3-PCLL 104W TYPE 3 WITH PE CELL FOR 200s	\$ 312.73	E	\$ 69,113.33
2			\$ -		\$ -
3	120	ATB2-60BLEDE13-MVOLT-R3-PCLL 273W TYPE 3 WITH PE CELL FOR 400s	\$ 635.96	E	\$ 76,315.20
4			\$ -		\$ -
5	6	ATB0-30BLEDE13-MVOLT-R3-PCLL 139W TYPE 3 WITH PE CELL FOR 250s	\$ 344.00	E	\$ 2,064.00
6			\$ -		\$ -
7	33	HOLO ATB0-20BLEDE70-MVOLT-R2-PCLL 48W TYPE 2 W/PE FOR 100s	\$ 239.34	E	\$ 7,898.22
8			\$ -		\$ -
9			\$ -		\$ -
10			\$ -		\$ -
11			\$ -		\$ -
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35			\$ -		\$ -
36			\$ -		\$ -
37			\$ -		\$ -
38			\$ -		\$ -
39			\$ -		\$ -
40			\$ -		\$ -

BY Subject to Terms & Conditions Shown on Form NC055

This information is privileged and confidential between NCE and the company listed above. This information is not to be shared in any form with any unauthorized persons.		TOTAL	\$ 155,390.75
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To be completed by Participant and Trade Ally

PROJECT INFORMATION

Project Name	City of Klamath Falls	Proposed By	Todd Hayes
Company	Key Systems	Company	North Coast Electric
Contract Phase	After on Participant Site Assessment On	Contract Phase	
Business Type	Street Lighting	Annual Hours	2,350

Lighting Analysis and Incentive Estimates

Installer Firm	Date Proposed	Project Coordinator	Lighting Specialist	Data Coordinator
None	2/16/19		John Vail	

ALL LISTING PROJECTS MUST BE SUBMITTED FOR REVIEW AND PRE-QUALIFICATION BY ENERGY TRUST.
This worksheet is an estimate only. All lighting measure, rater and potential incentive amounts identified in this worksheet are for informational purposes only. This worksheet is NOT an incentive offer, application, or commitment.

- Key Steps in Energy Trust Review/Application Process:**
- We will review your submitted lighting analysis.
 - If we identify lighting measures in the analysis that may be eligible for an Energy Trust incentive reservation offer, an authorized representative will issue an **Incentive Application - Lighting Project Form**.
 - Complete, sign and submit the **Form** back to Energy Trust together with the description indicated. This step must occur before you or your contractor commences to purchase any lighting measure equipment or services. Measure equipment purchases

Item #	Existing Equipment	Proposed Equipment	Quantity (as paid)	Watts per Foot	% Savings	Cost (as paid)	Cost (after incentives)	Net Cost	Annual kWh Savings	kWh per Foot	kWh per Meter	Proposed Equipment Incentive (\$ each)	Proposed Equipment Incentive (Total)
1	Existing	Proposed	300	100	40%	\$18,000	\$10,800	\$7,200	21,000	70	210	\$240	\$7,200
2	Existing	Proposed	300	100	40%	\$18,000	\$10,800	\$7,200	21,000	70	210	\$240	\$7,200
3	Existing	Proposed	300	100	40%	\$18,000	\$10,800	\$7,200	21,000	70	210	\$240	\$7,200
4	Existing	Proposed	300	100	40%	\$18,000	\$10,800	\$7,200	21,000	70	210	\$240	\$7,200
5	Existing	Proposed	300	100	40%	\$18,000	\$10,800	\$7,200	21,000	70	210	\$240	\$7,200
6	Existing	Proposed	300	100	40%	\$18,000	\$10,800	\$7,200	21,000	70	210	\$240	\$7,200
7	Existing	Proposed	300	100	40%	\$18,000	\$10,800	\$7,200	21,000	70	210	\$240	\$7,200
8	Existing	Proposed	300	100	40%	\$18,000	\$10,800	\$7,200	21,000	70	210	\$240	\$7,200
9	Existing	Proposed	300	100	40%	\$18,000	\$10,800	\$7,200	21,000	70	210	\$240	\$7,200
10	Existing	Proposed	300	100	40%	\$18,000	\$10,800	\$7,200	21,000	70	210	\$240	\$7,200
11	Existing	Proposed	300	100	40%	\$18,000	\$10,800	\$7,200	21,000	70	210	\$240	\$7,200
12	Existing	Proposed	300	100	40%	\$18,000	\$10,800	\$7,200	21,000	70	210	\$240	\$7,200
13	Existing	Proposed	300	100	40%	\$18,000	\$10,800	\$7,200	21,000	70	210	\$240	\$7,200
14	Existing	Proposed	300	100	40%	\$18,000	\$10,800	\$7,200	21,000	70	210	\$240	\$7,200
15	Existing	Proposed	300	100	40%	\$18,000	\$10,800	\$7,200	21,000	70	210	\$240	\$7,200
			Existing Quantity (as paid)			Cost (as paid)	Cost (after incentives)	Net Cost	Annual kWh Savings			Proposed Equipment Incentive (Total)	
			300			\$18,000	\$10,800	\$7,200	21,000			\$7,200	
			Quantity (after incentives)			Cost (after incentives)	Cost (after incentives)	Net Cost	Annual kWh Savings			Proposed Equipment Incentive (Total)	
			0			\$0	\$0	\$0	0			\$0	
			Quantity (LED Case)			Cost (LED Case)	Cost (LED Case)	Net Cost	Annual kWh Savings			Proposed Equipment Incentive (Total)	
			0			\$0	\$0	\$0	0			\$0	
			Total Existing Quantity			Total Existing Cost	Total Existing Cost	Total Existing Cost	Total Existing kWh Savings			Total Existing Incentive	
			300			\$18,000	\$10,800	\$7,200	21,000			\$7,200	

OVERALL kWh SAVINGS

Baseline	21,000
After	12,600
% Savings	40%

LED CASE SAVING

Quantity (LED Case)	0
Cost (LED Case)	\$0
Cost (after incentives)	\$0

PROJECTED ANNUAL COST SAVINGS

Utility	Rate Schedule	Baseline	After
		\$18,000	\$10,800
		\$18,000	\$10,800

PROJECT QUALIFICATIONS

Project Name	City of Klamath Falls
Project Address	
Project Contact	
Project Phone	
Project Email	

ENERGY SAVINGS ADJUSTED TO FEDERAL BENCHMARK BASELINE

Utility	Rate Schedule	Baseline	After
		\$18,000	\$10,800
		\$18,000	\$10,800

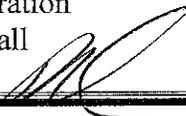
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**KLAMATH FALLS CITY COUNCIL
AGENDA REPORT**



Agenda Item No. 6

Date: May 2, 2016

Department: Administration	Contact/Title: Joe Wall / Management Assistant
Staff Presenter: Joe Wall	Telephone No.: 541-883-5272
City Manager Review: 	Email: jwall@klamathfalls.city

TOPIC: Request to Forgive Outstanding City Liens on Three County-Owned Properties

SUMMARY AND BACKGROUND:

Luckenbill-Drayton & Associates, an affordable housing development firm, in tandem with the Klamath Housing Authority (KHA), is asking Klamath County to donate three blighted residential properties to redevelop. Klamath County owns the three properties, in city limits, acquired through tax foreclosure.

The Partnership proposes to demolish the existing structures on each property and construct affordable single family homes in their place. The construction of the new homes will be incorporated into a broader state funding application to develop a new affordable housing complex within city limits.

The three properties, 2004 Orchard Avenue, 1919 Tunnel Street, and 530 N. 8th Street, all contain dilapidated homes and were identified as blighted homes during the January 19, 2016 work session meeting regarding Code Enforcement.

All three properties contain city liens which total approximately \$71,879. The City's actual out-of-pocket costs are approximately \$6,200. The rest of the lien is comprised of enforcement fees, and accumulated interest.

The property at 530 N. 8th Street has \$70,354 of city liens. The County has failed to sell this property and assigned a \$923 minimum bid for the February 18, 2016 sale.

The Partnership requests the forgiveness of all outstanding City liens so the improvement of the subject properties may be included in the competitive state funding application. City staff does not foresee receiving proceeds from any sale adequate enough to cover outstanding liens.

FINANCIAL IMPACT:

No direct financial impact. Though lien repayment is questionable, the City would formally write-off and not receive repayment for approximately \$71,879 of outstanding liens. However, actual out of pocket expense to the City was approximately \$6,200. The City would forgo

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recovering the \$6,200, but removing the three properties' blighted conditions may boost the attractiveness and value of surrounding homes and neighborhoods.

COUNCIL OPTIONS:

1. Approve the forgiveness of outstanding city liens for three County-owned properties; 2004 Orchard Avenue, 1919 Tunnel Street, and 530 N. 8th Street
2. Do not approve city lien forgiveness

DOCUMENTS ATTACHED:

- Luckenbill-Drayton & Associates request letter
- Klamath Housing Authority request letter
- Site photographs
- Lien summary and documentation
- Incurred contractor costs

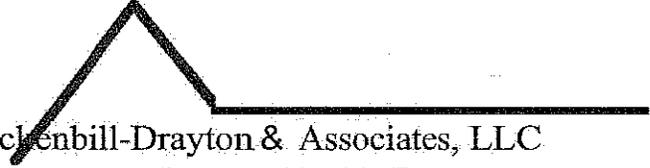
RECOMMENDED MOTION/ACTION:

Move to approve the forgiveness of outstanding city liens for 2004 Orchard Avenue, 1919 Tunnel Street, and 530 N. 8th Street

NOTICE SENT TO:

Klamath County
Luckenbill-Drayton & Associates
Klamath Housing Authority

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Luckenbill-Drayton & Associates, LLC

*Developers of Affordable Housing
Consultants to Non-Profit Organizations and Housing Authorities
Grant Writing Services*

April 15, 2016

Mr. Joe Wall
Management Assistant to the City Manager
City of Klamath Falls

Ref: Vacant City Lots

Dear Mr. Wall,

Following discussions with our affordable housing development partner, Klamath Housing Authority, Klamath County, and you the past few weeks, you have received a request from Klamath Housing Authority to forgive the liens on three properties (listed below), and to transfer six vacant lots to them, without cost. We would like to add some context and comments to those requests for Council's consideration.

The partnership between Klamath Housing Authority (KHA) and Luckenbill-Drayton Associates, LLC (LDA) began with the development of Iris Glen Townhomes in 2007-08. It has continued with the development of Victory Commons, a complex to house Klamath veterans. That project will be under construction shortly.

Currently, we are partnering with KHA to apply for funding to support a multi-site project, (name to be determined). That project will consist of 24 – 28 units located on Homedale Road, on property already owned by the KHA, plus the new construction of up to nine scattered-site single-family homes located throughout the city. KHA has requested the three homes and six vacant lots from Klamath County and the City of Klamath Falls, for inclusion in this newly proposed project. The transaction would be subject to an environmental and hazardous materials survey (which we would pay for) prior to transfer. Additionally, the transfers can carry reversionary clauses that require property will be transferred back to the city/county if we do not cause affordable housing units to be built within 6 years.

The three homes would be demolished and the hazardous materials disposed of in a safe and lawful manner, by a firm licensed to do such work. New 2 and 3 bedroom single family homes will be constructed on all nine lots. Although the multi-family units on Homedale Road would remain rentals, the individual homes would be intended for homeownership after the state's 15-year funding restrictions are removed. They would be sold to qualified low-and-moderate income first-time homebuyers. That sale will also include a deed restriction to ensure they remain affordable for at least 15 additional years.

Several benefits would accrue to the City as a result if this transfer, including removal of several currently blighted properties. Additionally, the construction of new homes on the vacant lots will relieve the city from its responsibility and liability of mowing and caring for them.

An additional benefit is that of allowing our funding application to the State to be scored at a level high enough to obtain approval of the funding award. Most of the communities we compete with for this type of funding have been able to demonstrate leverage for the state and federal funding application by contributing cash, in-kind or property from the local municipalities. Although the state recognizes that smaller

communities have difficulty providing cash contributions, they nevertheless have included leverage as one of their competitive criteria. They will accept the provision of property and in-kind donations at its current market value, and count it as the leverage necessary to increase our score. They acknowledge it as the local leadership's commitment to providing affordable housing within their community. We will be able to make a much stronger case and higher scoring application with the receipt of these properties.

The property transfer is our complete request. We wish to assure Council and Management that we will not be requesting any reduction in SDC or permit fees for this project.

Please let me know if you need additional information from us. And, please thank the Council for their consideration.

Sincerely,

Dee Luckenbill
Luckenbill-Drayton & Associates, LLC

Note: Properties in Question include:
530 No. 8th St.
1919 Tunnel St.
2004 Orchard Ave.
And:

ID #	Location	Address	Tax Lot #	Legal	Zoning	Size	GIS Acres
1	Lincoln & 8th	612 N 8TH ST	R-3809-029DC-20700-000	Lot 1, NW ^{ly} 55', Blk 64, Nichols	MD	55X65	0.08
2	Jefferson & 7th	N/A	R-3809-032AB-09000-000		A		0.13
3	Oregon & St. Francis	N/A	R-3809-029BD-07600-000	Lot 9 (-), Blk 78, Buena Vista	NC	(irregualr)	0.12
4	Sargent & Addison	N/A	R-3809-029AC-12100-000	Lots 23 & 24, Blk 34, K.F. 2nd	MD	50X100	0.12
5	Sargent & Addison	N/A	R-3809-029AC-12200-000	Lots 1 & 2, Blk 35, K.F. 2nd	MD	50X100	0.11
6	Academy Ave (end of)	N/A	R-3809-029BD-01300-000	Lot 5, Blk 73, Buena Vista	MD	(irregualr)	0.16

1007 N.W. Rimrock Dr. Redmond, OR 97756 • phone, (541) 504-2801
www.luckenbill-draytonassociates.com

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April 13, 2016

Nathan Cherpeski, City Manager
500 Klamath Ave
Klamath Falls, OR 97601

Dear Mr. Cherpeski,

Klamath Housing Authority is going to make a request to Klamath County that 3 pieces of property on the foreclosure list be turned over to us for redevelopment. The properties are:

1. 530 No. 8th ST
2. 1919 Tunnel St
3. 2004 Orchard Ave

Chapter 456 of the Oregon Revised Statutes provides authority for the County to dedicate, sell, convey or lease any of its property to a housing authority.

All 3 of these pieces of property have liens placed on them by the City. We are requesting that you forgive the liens if the County will give us the properties.

KHA would have environmental assessments performed on all 3 of the properties and then we would like to take these properties and demolish the current structures and build affordable housing. Our plan would be to build modest 2 or 3 bedroom homes and either use them for affordable rental houses, and/or perhaps use them for first time home buyers. By obtaining these blighted properties at no cost, we can both provide lower cost housing and clean up the neighborhoods that these properties sit in.

Thank you for your consideration.

Sincerely,

Diana Otero
Executive Director

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Site Photographs – taken 4/25/16

2004 Orchard Street



1919 Tunnel Street



530 N. 8th Street





CITY OF KLAMATH FALLS, OREGON
500 KLAMATH AVENUE - P.O. BOX 237
KLAMATH FALLS, OREGON 97601



Sister City
ROTORUA, NEW ZEALAND

February 12, 2016

HAND DELIVERED

Rafael Hernandez
Klamath County Property Sales
305 Main Street
Klamath Falls, OR 97601

Re: February 18, 2016 -- Public Sale

Dear Mr. Hernandez:

Of the properties being offered by the County for sale on February 18, 2016, the ones listed below have liens that appear on the City's Lien Docket:

Liens w/payoff as of February 18, 2016:

APN: R211522 - R-3809-029BC-02500-000
1919 Tunnel Street, KFO 97601
Total - \$444.97 Docket Date 1/17/13 and
Average Per Diem is \$0.1095

APN: R411851 - R-3809-032AB-01300-000
530 N 8th Street, KFO 97601
Total - \$70,353.50 Docket Date 3/6/01 and
Average Per Diem is \$11.6339

APN: R479146 - R-3809-033AC-03800-000
2004 Orchard Avenue, KFO 97601
Total - \$1,080.49 Docket Date 7/15/13 and
Average Per Diem is \$0.2985

I have enclosed copies of the spread sheets prepared by our Finance Department showing the calculations for the amounts owed on the properties. Should these properties sell, please send payments, if any, to the address listed above and to my attention.

Thanks for all your help. Should you have any questions please feel free to call me or Nickole at 541-883-5323.

Sincerely,

Joanna Lyons-Antley
City Attorney
Enclosures

c: Nathan Cherpeski, City Manager
Jessica Lindsey, Accounting Manager
Judy Neiswender, Assessments/Receivable Clerk
Joe Wall, Asst. to the City Manager/Sr. Planner)

Mayor & Council
541.883.5316

City Attorney
541.883.5323

City Manager
541.883.5316

TTY 541.883.5324 (Hearing Impaired); Fax 541.883.5399

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NAME:		Klamath County (formerly Oucilhe, Ed & Deborah)						
ADDRESS:		530 N 8th Street						
TAX LOT:		R-3809-032AB-01300-000						
PAY OFF DATE	CASE NO.	LIEN DATE	LIEN AMOUNT	# OF DAYS	PER DIEM	INTEREST (12%/ANNUM)	TOTAL DUE	
02/18/16	01-00000112	3/6/2001	55.00	5462	0.0181	98.76	153.78	
	01-00000112	4/24/2001	55.00	5413	0.0181	97.88	152.88	
	01-00000112	6/14/2001	55.00	5362	0.0181	98.96	151.96	
	01-00000112	8/26/2001	110.00	5287	0.0362	191.20	301.20	
	01-00000112	10/30/2001	110.00	5224	0.0362	188.92	298.92	
	01-00000112	1/22/2002	110.00	5140	0.0362	185.88	295.88	
	01-00000112	3/13/2002	220.00	5090	0.0723	368.15	588.15	
	01-00000112	5/21/2002	220.00	5021	0.0723	363.16	583.16	
	01-00000112	10/10/2002	220.00	4879	0.0723	352.89	572.89	
	01-00000112	12/16/2002	440.00	4812	0.1447	696.09	1,136.09	
	01-00000112	2/3/2003	440.00	4763	0.1447	689.00	1,129.00	
	01-00000112	9/16/2003	440.00	4538	0.1447	656.46	1,096.46	
	01-00000112	11/6/2003	880.00	4487	0.2893	1,298.16	2,178.16	
	01-00000112	2/2/2004	880.00	4399	0.2893	1,272.70	2,152.70	
	01-00000112	5/24/2004	880.00	4287	0.2893	1,240.29	2,120.29	
	01-00000112	8/17/2004	1,760.00	4202	0.5786	2,431.40	4,191.40	
	01-00000112	11/17/2004	1,760.00	4110	0.5786	2,378.17	4,138.17	
	01-00000112	9/28/2005	110.00	3795	0.0362	137.24	247.24	
	01-00000112	12/16/2005	110.00	3716	0.0362	134.39	244.39	
	01-00000112	2/14/2006	110.00	3656	0.0362	132.22	242.22	
	01-00000112	11/9/2007	110.00	3023	0.0362	109.32	219.32	
	01-00000112	12/18/2007	1,760.00	2984	0.5786	1,726.63	3,486.63	
	01-00000112	1/30/2008	3,520.00	2941	1.1573	3,403.50	6,923.50	
	01-00000112	2/18/2010	70.00	2191	0.0230	50.42	120.42	
	01-00000112	4/6/2010	7,040.00	2144	2.3148	4,962.33	12,002.33	
	01-00000112	6/9/2010	7,040.00	2080	2.3148	4,814.20	11,854.20	
	06-00001284	1/17/2007	5,835.00	3319	1.7540	5,821.44	11,156.44	
	08-00001467	7/16/2008	175.00	2773	0.0578	159.54	334.54	
	08-00002450	12/11/2008	82.71	2625	0.0276	72.37	155.08	
	09-00001012	6/24/2009	141.74	2430	0.0472	114.81	256.55	
	10-00000785	7/16/2010	831.73	2043	0.2772	566.41	1,398.14	
	10-00001307	8/18/2010	78.75	2010	0.0263	52.76	131.51	
	11-00000840	7/13/2011	217.83	1681	0.0726	122.06	339.89	
			35,367.76		11.6339	34,985.74	70,353.50	

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**Contractor Fee Amounts - Subject Three Properties
Klamath County Public Sale Listing - February 18, 2016**

MapTaxLot: R-3809-029BC-02500-000
Situs: 1919 Tunnel St., Klamath Falls, OR 97601
Acreage: N/A
Notes: Includes Improvements
Real Market: \$49,400.00
Minimum Bid: \$5,186.00

County Patricia Keller
ONLY ENFORCEMENT FEES

APN: R411851
MapTaxLot: R-3809-032AB-01300-000
Situs: 530 N 8th St, Klamath Falls, OR 97601
Acreage: N/A
Notes: Includes Duplex and improvements
Real Market: \$84,660.00
Minimum Bid: \$923.00

County - QUEILHE
We had \$5,480.84 in
contractors fees

APN: R479146
MapTaxLot: R-3809-033AC-03800-000
Situs: 2004 Orchard Ave., Klamath Falls, OR 97601
Acreage: N/A
Notes: Includes Improvements
Real Market: \$37,340.00
Minimum Bid: \$6,450.00

Patricia Charles
DECEASED
We had \$720.09 in
CONTRACTORS FEES

APN: R496591, R496608
MapTaxLot: R-3908-013DA-02500-000, R-3908-013DA-02600-000
Situs: 4952 Weyerhaeuser Rd., Klamath Falls, OR 97601
Acreage: N/A
Notes: Does not include Mobile home, does include all other improvements
Real Market: \$32,380.00
Minimum Bid: \$4,362.00

APN: R525658
MapTaxLot: R-3909-003BA-02500-000
Situs: 1862 Arthur St, Klamath Falls, OR 97603
Acreage: 0.31
Notes: Includes house and improvements
Real Market: \$69,060.00
Minimum Bid: \$5,170.00

APN: R527503
MapTaxLot: R-3909-003CD-00900-000
Situs: 3204 1/2 Boardman Ave., Klamath Falls, OR 97603
Acreage: N/A
Notes: Includes Improvements, does not include mobile home.
Real Market: \$70,910.00
Minimum Bid: \$7,286.00

APN: R527610
MapTaxLot: R-3909-003CD-02000-000
Situs: 3011 Delaware Ave., Klamath Falls, OR 97603
Acreage: N/A
Notes: Includes Improvements
Real Market: \$114,600.00
Minimum Bid: \$15,217.00

APN: R532855, R532846
MapTaxLot: R-3909-005CA-00800-000, R-3909-005CA-00900-000
Situs: 2020 Abilene Ave., Klamath Falls, OR 97601
Acreage: N/A
Notes: Includes Improvements.
Real Market: \$43,690.00
Minimum Bid: \$3,236.00

APN: R543905

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