

**CITY OF KUNA
SPECIAL CITY COUNCIL MEETING
MINUTES**

NOVEMBER 28, 2006

KUNA CITY HALL COUNCIL CHAMBER, 763 W. AVALON

NOTE: These minutes are an unofficial record of this City Council meeting until reviewed; corrected if deemed appropriate and formally approved by the Kuna City Council at a subsequent Council meeting.

Mayor Dean Obray called the Special City Council Meeting to order at 10:09 a.m.

Present: Mayor Dean Obray, Council President Jeff Lang, Councilman Dowdy, Councilwoman Stroebel, and Councilman Cardoza.

Also present: City Attorney Randy Grove; Director of Public Works Jim Taylor, Wastewater Superintendent Leola Vega; City Clerk Lynda Burgess; and Jim Keller, Larry Rupp, Randy Zollinger and Justin Walker representing Keller Associates.

INTERVIEW WITH SIEMENS REPRESENTATIVES: Cory Firzlaff, William H. Reilly & Co., Local Sales Representative; Matt Kuzma, National Sales Manager; Nate Haralson, Regional Sales Manager; Ed Jordan, VP Product Development and Jeff Piccirillo, Operations Manager.

Cory Firzlaff stated that purpose of the presentation was to go over three basic points that touch on 1) what the City might want to see; 2) what the City's needs are; 3) proposed design; 4) how technology differs and 5) project execution and support.

Matt Kuzma made a PowerPoint presentation, a copy of which is attached hereto as Exhibit A.

Mayor Obray asked if the Siemens equipment is designed to allow for situations when flows reach beyond the normal range for a day or so while staying within the operating parameters of the system. In other words, will the system go to 120% over a 10-hour period?

Mr. Kusma explained that the limiting criterion is the ability of the pump to handle the hydraulic load of those peaks. The only impact from running at higher loading rates is on the cleaning interval—nothing would be damaged, but the membranes would have to be cleaned and maintained more frequently. The internal design would be a maximum of 14-15 gpi.

In response to Mayor Obray regarding the warranty in the event of peak flows, Mr. Kuzma stated that the warranty would not be voided. The numbers quoted in the slides are based on the peaking numbers supplied by the City. It is designed at 2.7 as these numbers for base condition.

Mr. Rupp stated that the Mayor is asking if the max month is limited and the City is running at 10 gfp and you were to warranty what your net flux would be 14, that that would not void the warranty. The City would operate at whatever flux rate Siemens you would specify and then the capacity of the plant would ...

Mr. Kusma explained that peaks are handled with additional tanks in service.

In response to Mr. Rupp, Mr. Kusma confirmed that Siemens would offer a credit difference to provide less membrane at high flux rather than expanding the capacity of the plant. He further stated that, in the RFP, the City requested several different phasing situations where credit was given for providing 50% and 75% for the base criteria. There are a couple of different ways to look at this, for example, if the City thinks that expansion requirements and growth will occur in a short time frame, the City might look at providing all of the membrane tanks and only putting a portion of membrane in each tank. If the City thinks that the growth curve is a little further out, the City may look at providing fewer membrane tanks filled with membranes.

Mayor Obray asked when Siemens installs the piping and all the material that goes into basins and if the City only needs half the capacity, the City would want Siemens to engineer—does Siemens have any idea about the percentage of cost increase for the basins that the City would not be using or can some equipment be added later to the basins to keep the initial costs down.

Mr. Kusma explained that the City's options are unlimited. Siemens has engineered plants with 4 membrane tanks but we only supplied 2 complete membrane tanks. The control system was set up to add 2 membrane tanks in the future. Sometimes, those 2 tanks have literally nothing; just a concrete box.

Mayor Obray understood that if a train is left empty except for the cement bulk and a decision is made later to put those tanks into service, there is nothing on the front side of the project that has to be redone to accomplish the additional capacity.

Mr. Kusma answered no, not as long as the City's biological process is sized to handle the growth that is incorporated in its membranes.

In response to Mr. Rupp, Mr. Kusma stated that Siemens' design would be to have a maximum mixed liquor membrane tank somewhere between 14,500 or 15,000.

Mr. Rupp: You are obviously thickening through the membrane tank so does that mean you are about 12,000 in the biological.

In response to Mr. Rupp, Mr. Kusma explained that, typically, most plants are designed between 8,000 and 10,000. The 14,500 and 15,000 is generally calculated based on the peak flux rate because the thickening effect increases as the flux increases. So what do you typically run your biological...

Mr. Kusma continued explaining that the biological would be somewhere between 8,000 and 10,000. There is a bit of a trade-off between solid concentrations and oxygen transfer in the biological process hydraulic retention time. When going over 15,000 or 16,000 mm per liter of mixed liquor, the viscosity starts to really ramp up and it gets really difficult to move and handle fluid. It is more gooey than a liquid.

Mayor Obray stated that the bottom line is if all the processing information just explained is true compared to the competitor's, I would expect the flux-rate and the permeability over a period of

time to show up as a very positive factor for your operation compared to other systems and I haven't seen that in your plant.

Mr. Kusma replied that, in order to achieve high flux, the important part is membrane variable. In an MBR application, the barrier becomes solids and viscosity. The rationale internally is the design of the plant is for long term performance and Siemens has run and can run high fluxes for very short periods of time. It doesn't do you any good 5 years down the road because they can't do that for a long period of time without a lot of maintenance and cleaning. When you look at membrane area, high flux means less membrane area which results in less flexibility and less ability to be able to handle the periodic peaks. Cleaning intervals that may be less manageable in terms of how you maintain the plant. You may be able to get some flux increase over the competitors' but Siemens doesn't see that as a net benefit.

Mayor Obray asked for the duration of time that these technologies have actually been in operation to determine what happens to the permeability of the fiber; how much cleaning action and chemical use is needed in a plant that operates differently to keep the permeability at the same level as your plant is trying to do just by the normal operation procedure. He felt that he could not get the facts and wondered if that was because nobody wanted to give them or if they don't exist because of the time factor and operation.

Mr. Kusma responded that it is a little bit of both. Regarding higher fluxes, a lot of this is not necessarily dictated by higher fluxes but what you do is you look at improving energy utilization in other things and see what the balance would be. Siemens can run the membrane at really high fluxes, but the system would require a lot more energy to keep it clean as opposed to lower fluxes and lower energy. You have to look at where the balance is in the middle where you operate most efficiently.

Mayor Obray felt that it was difficult for the Council to understand where the trade-off is because we can't get any solid numbers indicating that you're going to use 20,000 gallons a month of a chemical for cleaning versus another company that might use 50,000. How long is the fiber going to last--is it going to be a short life-span because you are using chemical on it at a continual basis at a pretty high level to try to maintain the permeability and as a stress factor. Both on-off action of pressure and chemical action come into play at some point in time. The data does not seem to be available for these questions of reliability, costs and maintenance.

Mr. Kusma answered that most of Mayor Obray's comments are probably true to some degree. Certainly, Siemens does not know operating data on a competitor's plant. Secondly, give us an operating plant in chemical utilization. We can go in and get that data from that plant's effluent quality, permidity, borate--those are easily acquired, what they don't always have good records on is how much chemical they are using in the plant and they might not share that information. For example, you know you are going to use 500 gallons of chemical a year, then you look at flows which are way lower than what you would be facing. Your three questions are tough procedures to measure and calculate on a consistent basis.

Mayor Obray stated that one of the competitors has a lot better warranty program and from everything I hear, you should have the best warranty program out there. It is a 10-year warranty

prorated.

Mr. Kusma stated that Siemens' warranty is a ten-year...

Mr. Rupp asked if the City accepts Siemens' bid, who would we be working with?

Mr. Kusma responded that the Project Manager would be Mark ? along with a team of engineers and drafters to work with him on the project to meet certain deliverables and go through the project. Mark will stay involved in the project until completion and his staff offers you continuity--people who will actually be doing the physical design, training, start-up and troubleshooting. The same person who writes the controls program will be the troubleshooter.

In response to Mr. Rupp's question regarding preventive maintenance offerings, Mr. Kusma explained that Siemens has a series of packages to choose from based on certain activities and certain time frequencies. What we have found is that there are different needs for different plants. Siemens has northwest branch offices in Portland and Spokane and they can provide emergency service. Technicians fly into Boise every two weeks to visit existing plants.

Mr. Rupp asked why the Siemens bid for start-up, training and design was so much lower than the other bids and Mr. Kusma stated that it could be because of how Siemens breaks out separate items on the bid forms.

In response to Mr. Rupp regarding the need to chemically remove phosphorous in the future and how the membrane would handle the inorganic sludge, Mr. Kusma replied that the only thing it would affect would be the frequency of acid cleaning.

Mr. Rupp asked where else this particular module had been installed in the U.S. and what was the operating experience.

Mr. Kusma stated that this is Siemens' newest generation module which has been out a year. A plant is currently being built in Beijing, China.

Regarding the screen added as a bid alternative, Mr. Kusma responded to Mr. Rupp that Siemens has used this screen in several applications. It is a US Filter screen which has been in service for a long time. Siemens felt it would be most successful in the Kuna plant. Siemens can provide whatever screen you specify at the same price.

Councilwoman Stroebel left the meeting at 11:45 a.m.

RECESS: Mayor Obray recessed the meeting at 12:09 p.m.

RECONVENE: Mayor Obray reconvened the meeting at 1:05 p.m.

PRESENT: Mayor Obray, Council President Lang, Councilmembers Dowdy, Stroebel and Cardoza.

Mr. Keller explained that the basins are going to be the same regardless of the membrane supplier. This process would be controlled by the City working with a supplier and his equipment. The difference becomes what happens in the actual membrane basin where filtration occurs. When comparing Zenon to US Filter, the biological process is pretty much the same.

Mr. Rupp reported that Keller had been considering bids from each of the vendors for the membrane equipment in the tanks and all the supporting equipment such as permeating ponds that pull suction on the membrane chemical storage tanks and blowers for air scour to the membranes. Keller expanded the scope and asked for all the equipment needed to run the biological treatment system to include recirculation ponds, mixers, diffused aeration, blowers and disked fusers located in tanks and the headwork screens. Siemens would give the City a process warranty that what you design and supply will meet our discharge limits. If the City were to award every aspect of the project to the vendors, it would be approximately \$500,000 over the original cost estimate of \$4,000,000,000. Mr. Rupp further explained that after reviewing the proposals, it appeared as though Enviroquip and Siemens have the best design and do not use as much chemical as Zenon. All three vendors stated that the City's flux rates are lower than normally provided. Power consumption by Siemens would be at 208 and Zenon at 128. Enviroquip's 7-year prorated warranty hurt them. Zenon adds methanol in their process which was not included in the bid so \$70,000 would need to be added to O&M. The screening equipment should be reevaluated based on what was presented in the interviews and Keller will assign the points to that category. As part of the evaluation, Keller wants to look at membrane equipment, biological treatment equipment and screening equipment.

Mr. Keller recommended that the Selection Committee choose a membrane supplier and then negotiate what you want for the rest of the plant design.

Mr. Rupp suggested evaluating the vendors on a 75% supply membrane, use the total base bid and subtract out 75%, add the biological and add Siemens' screen process bid (they will provide a screen to Keller's satisfaction).

Mr. Keller stated that if the Council evaluated the vendors on the basis suggested by Mr. Rupp, the following would be the line-up of vendors.

- 1, Seimens
2. Zenon
- 3, Enviroquip

Mr. Rupp walked the Council through the criteria to judge and score the vendors: 1) wastewater treatment experience – Zenon ranks poorly because of the methanol issue; 2) capital costs; 3) 10-year life cycle costs; 4) non-prorated warranty to replace the membrane; 5) power consumption; 6) chemical consumption; 7) O&M and 8) hourly manpower costs to run. System configuration operation, which is a better approach to make sure the membranes don't foul their life, is extended beyond the engineer's timeline. Who is going to provide the City with a system that functions now and over the long term; what is easiest to operate from Butch and Jim's standpoint; how much staff will it take to run the plant; what is the level of sophistication; what is the back-up... Enviroquip mentioned that they will always have a manual back-up just in case

the TLC doesn't function; where Zenon is tied to the computer if the TLC is not functioning, then it is difficult to run a Zenon facility manually.

Mayor Obray felt that Siemens explained their processes on a level that he understood. If all of the companies will do the job and all the costs are relatively the same, the bottom-line answer is who do I want to work with over the long haul.

Councilman Cardoza felt he needed some time to digest the information that he heard in the three interviews before he could cast a vote to award the contract.

Jim Keller reminded Council that they could make the selection of the supplier but there still needs to be negotiation to make sure the City gets the desired equipment. Keller Associates would sit down with the supplier get the recommendation for the award of the dollar amount and then come back to Council for a recommendation on the board.

Councilwoman Stroebel asked if she could wait until Monday or Tuesday to cast her vote to have some settling time.

Mayor Obray felt that if the Council did not take full advantage of today's process and put it off, the general public could come back and ask if any of the companies contacted Councilmembers after the interviews to sway the vote. He encouraged the Council to move forward in the decision process based on all the data received today.

Mr. Grove instructed Council that the Selection Committee must score the vendors. Each member of the Selection Committee would fill out and score individually with an average point for each one for each individual category. Each company is evaluated on an average from the entire group or each individual Committee member can come to his own consensus with a score per category. Each individual would come to a conclusion on which is the best company and rank them 1, 2 and 3. The company that has the most #1 votes would be the selection.

Mayor Obray stated that the City Clerk would send out the ranking form via e-mail to the Selection Committee to score the vendors today and they are to be finished and e-mailed back by Wednesday, November 29, 2006 at 12:00 noon. Council will meet at 4:30 p.m., Wednesday, November 29, 2006 to vote to award the bid.

Councilman Cardoza stated he would not have a vote tomorrow as he had a problem about making a decision on \$4,000,000 overnight. He would be more comfortable with waiting by noon on Monday as it would give him the weekend to look over the details. He explained that the only plant he visited was Zenon and, therefore, had a bias toward this company. Having the extra time would give an opportunity to consider the other two vendors. He further stated that he would not object to Council voting without him.

Mayor Obray felt that it was imperative that the Council move forward so there could be no perceived wrong doing by the Council being swayed by the bidders.

Councilman Cardoza left the meeting at 3:43 p.m.

There being no further business to conduct, it was moved by Councilman Dowdy, seconded by Councilman Lang to adjourn the meeting at 2:45 p.m. and reconvene the meeting at 4:30 p.m. on Wednesday, November 29, 2006. Motion carried 3-0-1. (Councilman Cardoza absent.)

O. Dean Obray, Mayor

ATTEST:

Lynda Burgess, City Clerk

DATE APPROVED: JANUARY 16, 2007