

## Council switches to DBOF strategy for wastewater facility

By **Peggy Kelly**  
Santa Paula City Council  
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The decision to go with DBOF was centered on potential cost-savings for the plant - with a \$55 million base price - ordered by the state to be fully online and functioning to strict standards by December 2010. DBOF is a strategy that replaces the conventional method of having separate companies designing, constructing and then operating the plant, and moves financing into the private investor sector.

City Manager Wally Bobkiewicz said that the city has been dealing with the issue for years: "Has this been an easy process? Absolutely not for the staff and Council," which wants the best solution and best deal for ratepayers.

Public Works Director/City Engineer Cliff Finley told the Council that the city does not yet have a cost estimate for a plant built DBOF.

Mayor Ray Luna asked if the city ever received a cost estimate from Noram, who earlier this year made two presentations to the Council on the deep-shaft technology. Bobkiewicz said that Noram never submitted a formal proposal, and others have addressed costs "verbally, but not in writing."

Finley said that if non-traditional design is utilized, the state Regional Water Quality Control Board would have to be notified.

***Steve Owen, vice president of business development for Pacific Environmental Resources Corp. (PERC), a Design/Build/Operate company that has built numerous systems for developments, including in Arizona and Nevada, told the Council that they're ready to do the job. "We are here to tell you we have a number of \$35 million," a "guaranteed, maximum price," to design, construct and start up a plant on the city's existing site.***

PERC has worked on "ten treatment plants just in the Phoenix area alone," and Luna has visited several, noted Owen, who said he has spoken to several Council members. PERC has just completed Mountain House in Tracy, CA, and Owen said that "great news for the city of Santa Paula" is a legal memo he distributed to the Council that would eliminate the "very time-consuming" request for qualifications and request for bids process. Also not needed are "competitive negotiations... you have the ability to move forward tonight," and hold rates down "to about \$45 per month" for ratepayers.

Luna asked how much the cost would increase for the full capacity build-out, and Owen said \$10 million.

"What is it that makes your plant \$20 million cheaper?" asked Councilman Ralph Fernandez.

"I'll take the secret out of the bag... we use common wall construction," among other cost savings, said Owen.

***"You've developed others?" in California, asked Councilman Bob Gonzales. Tracy and a facility near San Diego, said Owen, and Gonzales asked what the first phase cost was for Tracy. "The cost was \$16.5 million," Owen noted.***

After more discussion Councilman Dr. Gabino Aguirre asked if Owen was suggesting that the Council make the decision right then. "It would be great if you did tonight," a move Owen said was backed by an attorney's letter. "I think law firms" are better for such advice than consulting engineers, he noted.

Aguirre said he is sure there are others who can do the job, and Vice Mayor John Procter said he was "baffled" at what process Owen was suggesting. "...Do I close my eyes" and point someone out, asked Procter.

PERC representatives have "been here five times, we care, this is a guy who cares," and Owen asked that by a show of hands Council members indicate how many have visited the city's treatment plant. When all five raised their hand, Owen noted that is more than other cities.

***Procter asked how many municipal plants PERC has constructed in California, and if PERC had been in contact with Fillmore. "We didn't bother going after it after their truckloads of documents" dampened PERC's interest, noted Owen.***

Later in the discussion City Attorney Karl Berger said that the only way the city could insure due diligence for the best deal is to have a competitive process. Larry Wiener, the city attorney of Beverly Hills, which utilized DBOF, said that there has to be a selection process.

After more discussion Gonzales suggested that staff and the Council advisory committee visit the PERC plant in Tracy, and said he wants to insure that "any negotiations we get involved in will be aboveboard."

Procter said that financing on a DBOF plant is still an issue, and that there is not a direct relationship between the cost of the plant and future rates.

"I like what I've heard," and Councilman Ralph Fernandez said if it was up to him he would negotiate with PERC for 30 days, "find out all those unknowns... let's shorten the timeframe, get this moving and get this done."

Procter questioned showing favoritism towards PERC, and Aguirre said there are still unknowns, as well as a lack of written hard numbers. "That's why we'd have 30 days," said Luna.

Gonzales again suggested that staff visit the Tracy facility, and Procter said "I really take umbrage at shoving one vendor, asking staff to go see them."

"If another vendor had been here tonight," the suggestion would have been broadened, said Gonzales. If others had known about it maybe they would have been, noted Procter, who again objected to the "appearance there that we're pushing towards one particular vendor."

Fernandez said he remained tempted to make a motion to negotiate with PERC for 30 days, and if agreement is not reached to continue the process.

"You've heard from me and from special counsel, and my job" is Council adherence to the law, said Berger. "I urge the Council" not to take such a step, he added.

Fernandez withdrew the motion and Gonzales asked what would happen if only one vendor applies. That circumstance that would meet the law, Berger said.

The Council voted 4-1 to pursue DBOF, with Procter casting the lone nay vote.