

**Item #4:**  
**Resolution Approving IL 83 Water System Operator**



November 5, 2010

Mr. David Lothspeich  
Village Administrator  
Village of Long Grove  
3110 RFD, Old McHenry Road  
Long Grove, Illinois 60047

RE: Water Operator RFP  
ESI Project No. 09-326

Dear Mr. Lothspeich:

This letter is written to review the information presented by Manhard Consulting, Ltd and Aqua IL during the interviews and from telephone conversations with their references in response to the IL 83 SSA Water System Operator RFP. In short, both firms are qualified for the work and both have presented pricing that is comparable. Therefore other less tangible factors may weigh in on the Board's selections decision. The following is a brief summary of the meetings and responses.

**Manhard Consulting, Ltd.**

During our meeting on September 20, 2010 with representatives of Manhard Consulting Ltd., the following items were clarified as they related to the Manhard proposal.

1. Manhard is willing to a 12 to 18 month contract so both the operator and the Village get a better idea what will be involved in the relationship. This will help refine the actual scope needed for a long term contract.
2. Manhard intends during the first 2 to 3 months to have someone on site daily to confirm the plant is operating correctly. After that time they anticipate the person would visit the site 3 times per week. It is anticipated that the person would be on site for one hour per visit.
3. The first year lump sum fee of \$26,900.00 covers Manhard's labor only for the following services:
  - a. Operation of the plant.
  - b. Preparing and submitting reports to the Health Department or IEPA.
  - c. Meter reading and sending bills six times annually.
  - d. Cleaning the building interior.
  - e. Providing preventative maintenance as defined below.
  - f. Delivering water samples to the lab for testing.
  - g. Locating water mains when contacted by J.U.L.I.E.
  - h. Following up on customer complaints.
4. Preventative maintenance includes pump amperage checks, oil changes, filter and belt replacement, lubricating grease zerks and other minor maintenance.

5. The Village will be invoiced directly by suppliers, the lab, utilities, etc.. This is less expensive for the Village as Manhard will add an administration cost to the invoice if it goes through their office.
6. All major repairs of equipment or water mains or replacement of equipment will be done by others. Manhard will assist by managing the process and making recommendations.
7. Although there will be various Manhard staff performing various tasks, Rick Leber will be the certified operator signing all reports and ultimately responsible for the operations of the water system.

Telephone interviews were performed with the following individuals as provided by Manhard.

1. Village of Wonder Lake  
Steve Weir  
Public Works Director  
815-219-1516

Comments: Manhard has good communication skills. They keep the plant neat and clean which is very much appreciated. The Village pays Manhard on an hourly basis and Manhard pretty much has a person within the Village full time. They have had a contract with the Manhard since 1993. The Village has two water plants. Manhard does the meter reading and billing for the Village on a cost per bill basis. Mr. Weir thought Manhard was a little expensive, but thought the service provided was worth the fee.

2. Village of Volo  
Ken Buchardt  
Administrator  
815-344-4771

Comments: Manhard operates and maintains the water treatment plant and does the monthly reports to IEPA. The Village does their own billing. Manhard is paid on a lump sum basis for the services provided each year. Mr. Buchardt said that Manhard had good communication skills and the Village was very pleased with the services Manhard provides.

3. Village of Tower Lakes  
Debra Baggett  
847-526-0488

Comments: Tower Lakes was unique in that they previously had a contract with Aqua IL and now use Manhard. Ms. Baggett was very courteous and did not use Aqua IL by name during our conversation. Since Aqua IL provided an Operation and Maintenance Manual in their submittal that they had done for Tower Lakes, it was easy to determine who the previous firm was. Ms. Baggett would only answer my questions when discussing Aqua IL.

Ms. Baggett works directly with Manhard. She said that the communication is very good and that all she needed to do is make a phone call and she gets an answer or document quickly. Manhard does the meter reading and billing. The contract is set up to be a lump sum cost per month and that there have been no surprise additions to a bill. She said the Village was very pleased with Manhard's services.

When asked, Ms. Baggett said that the previous firm was very difficult to work with. They had poor communication skills and did not return phone calls or give requested documents. Ms. Baggett does not believe the previous firm withheld any of the Village's funds; however she always was uncomfortable because she could not get records showing the funds in and funds out of their account for billings. A document was provided and then a few days later it would be changed.

### **Aqua IL**

On October 21, 2010, a meeting with representatives of Aqua IL was held at the Village Hall. It was discussed that Tony Wright would be the main contact person with the Village. Mr. Wright would be familiar with the site as he would come to the site about twice per week. They planned to visit the site on a daily basis and all of their field staff either is a certified operator or will be taking the test shortly. Their main point was that each person would rotate through the site and so any of them would be familiar with the operations of the Village's system. All staff is trained in trench shoring and OSHA regulations, CPR, and vehicle and driving training.

Aqua currently serves the Ravenna and Hawthorn Woods systems and so they anticipate adding this system to the daily rotation.

Aqua IL was willing to reduce the contract time to 12 months as requested by the Village during the meeting.

Aqua would use McHenry Analytical for testing and they have a list of contractors that they would call for main break repairs. This is similar to how Manhard was proposing to perform these services.

Mr. Wright explained their typical emergency procedures which was a plan explaining where their staff was to meet for assignments to various plants during times of a regional emergency.

Aqua IL said that they prefer to have more than just a dial up system for notifications of alarms. They desired a monitoring system such as OMNI which they currently use at many of their smaller plants and lift stations. They estimated that the cost would be approximately \$5,000 to purchase, install and program. With this system, the operator will not necessarily have to come to the site for all alarms. He will be able to determine what was causing the alarm. This could be a significant savings on a new plant as alarms are more frequent at the beginning of the set up process.

It appeared that Aqua had included many of the upfront costs in their original proposal. They had included the purchase of a chlorine analyzer which will be needed no matter who operates the plant. The proposal also included costs to set up and monitor a backflow monitoring program. Manhard had made the assumption that these costs would either be an additional service or paid by the customers with the backflow devices.

Aqua IL provided contact information for Hawthorn Woods, however no other references were provided. I contacted Donna Labito (847) 540-5222 who said that Aqua IL has been working in the area since 2003. They own and operate several water and wastewater facilities, such as Hawthorn Woods Country Club and Ivanhoe. Ms. Labito says that there never has been a franchise agreement signed between Hawthorn Woods and Aqua IL since the Village wanted to include language stating that the Village would control the water and wastewater rates and Aqua would not agree to that. As of now Aqua does all of the billing since they get the fees generated from the users and the Village gets all connection fees. This arrangement is significantly different than what the Village of Long Grove would have with its operator. Ms. Labito stated that they have very little communication with Aqua.

## **Comparisons**

### Costs

Manhard's proposal only includes the labor costs for routine tasks for a lump sum fee of \$26,900 for the first year. All services provided above the standard tasks will be charged as an additional service. All supplies and equipment will be charged directly to the Village and is not included in Manhard's fees. In addition, Manhard will require the Village to purchase a touch reader to gather the data from the meters as well as the license agreement for the Locis billing software. Plowing and lawn maintenance is an extra to the contract.

Aqua IL's proposal was more thorough than Manhard's proposal as it includes an estimate for all costs except electricity, chemicals and special projects requested by the Village. If Cost Form A as included in Aqua's proposal is analyzed and Items 1111 through 2101 were considered labor costs, then the labor costs would total \$65,745. This is for site visits seven days per week which neither Aqua or we believe is necessary. Aqua agreed to prorate this to the three days per week that Manhard has included in their proposal, which would make the labor costs \$28,176. While slightly higher than the \$26,900 for Manhard, this cost from Aqua also includes plowing / shoveling snow for the parking lot and entrance as well as maintaining the grass.

Regardless of the operator selected, it is my belief that the Village should anticipate incurring costs associated with the water system between \$80,000 and \$100,000 per year in the short term based on the information provided through this process.

### Communication

Communication is one area that is extremely important between a service provider and the Village and its residents. Although both firms are respected in the industry and are well qualified

to provide the services requested by the Village, communication skills appears to be one area where the two firms may have significant differences.

Through communication with the Manhard staff, they have been very responsive to requests from both the Village and ESI staff. All references contacted for Manhard made a note to say how well Manhard's staff communicated and responded to their requests quickly. This has not always been the case in our coordination with Aqua.

It was difficult scheduling a time to meet with Aqua representatives and then once a time and date was set, it was cancelled and rescheduled. When references were requested on at least two occasions, only one reference was given and the reference had little contact with Aqua IL and its personnel. A Village that had used Aqua IL was contacted and the relationship was less than ideal because of the lack of communication and cooperation the Village felt it was given. It took several days to get documents from Aqua that they had agreed to get us during the interview and these only were sent after a few reminder e-mails.

#### Future Considerations

There are a couple intangibles that should be considered. Manhard Consulting is known as a development engineering firm which does private developments and has designed several in Long Grove. In Long Grove, they have designed the East Gate Estates, Apache Day Camp, Checker Road Development, Menards, Sunset Grove and others. If the Village selected Manhard as the water system operator, it may be difficult for Manhard to remain impartial if something were to favor a development. Along this line, this potential conflict has already come to light in regards to the Sunset Groves Development and fire flow issues pertaining to how the water system would operate and the needs of the site development / building owners. In the past, the Village has expressed concerns over these types of potential conflicts or perceived potential conflicts of interest.

Also, if the Village enters an agreement with Manhard, the Village will need to purchase (at an additional cost) a license agreement with "Locis" for the billing software that Manhard is currently using. We would recommend that this software be hosted on the Locis server. There is no additional fee to use this server (while there is for the software) and it will allow the Village to be able to monitor the data without going through Manhard. This could have three advantages. The Village will have better control on the records, the Locis license will be owned and in the name of the Village and therefore in the future there will not need to be a transfer fee, and it may modestly lower the billing costs because less hours will be required getting information for the Village. If the Village chooses to go this route, we suggest setting up a conference call with us and the supplier for the "Locis" software.

Aqua IL is in the business of owning and operating water and wastewater utilities. They are a public traded national / international firm and therefore have a significant backing. They have stated that they are interested in operating the Village's water system because they have others nearby and they may like to own the Village's system, if feasible, in the future. Having Aqua

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operate the system and better understand the potential for future expansion/growth may be a significant benefit if the Village looks to sell or long term lease this system in the future.

### **Recommendation**

The Village should make the duration of any contract one year regardless of the Operator selected (both Manhard and Aqua IL have agreed to do this). Although Manhard and Aqua IL have provided a contract for the Village to sign, we would recommend that the Village Attorney work with us to prepare a contract that will have the detail and conditions that better represent the Village.

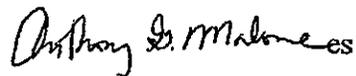
It appears that both costs are very comparable (with Aqua's being slightly higher but including more maintenance items in the base cost) and, while references appear to be better for Manhard, both companies are well qualified to perform as the system operator.

Therefore the selection decision may be best determined by the intangible items such as the potential / perceived conflict of interest for Manhard and the potential for Aqua to purchase / long term lease the system in the future. If Manhard were selected for the operator, we would recommend that the Village include a no conflict clause in the contract restricting Manhard from being involved with future development projects within the Village that may be within the potential service area of the water system (which could prove to be challenging).

If the Board believes that it is in the best interested of the Village in the long range to sell or long term lease the system, then we believe there are benefits to selecting Aqua as the operator. Please note that time is of the essence in deciding on an operator, since an operator is needed within approximately 30 days.

Please let me know if you have any questions regarding the information provided in this letter.

Sincerely,



Anthony G. Malone, P.E.  
Vice President

cc J. Chiczewski  
V. Filippini

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