

## Andrew Sheeler

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**From:** Nathan McClintock <nmcclintock@epuerto.us>  
**Sent:** Thursday, July 28, 2016 10:58 AM  
**To:** Rodger Craddock  
**Subject:** FW: Confidential -- Privatization Project Estimate  
**Attachments:** 20160727192700419.pdf

FYI

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**From:** Skip Spaulding [mailto:SSpaulding@FBM.com]  
**Sent:** Wednesday, July 27, 2016 8:16 PM  
**To:** Nathan McClintock; Nate McClintock  
**Cc:** John Gregory  
**Subject:** Confidential -- Privatization Project Estimate

**Confidential**  
**Attorney-Client Privileged**  
**Attorney Work Product**

Nathan,

You asked for an estimate for the cost of completing the tasks in the Scope of Work. Now that we have gotten clarity on the key points needed from the Committee, we can provide you with these estimates:

### **Phase 1: Viability Analysis and Report**

This phase involves the investigation, analysis and preparation of a report, with relevant case examples, that evaluates the viability of pursuing privatization of the design, construction, financing, operation and ownership of a new WWTP #2 in Coos Bay. We are also including a relatively brief summary of two similar approaches (involving financing, but not ownership). Our work involves reviewing an array of City information on regulatory, finance, environmental, legal and other topics, interviewing relevant DEQ staffers on selected topics, communicating with you, Rodger and the Committee, and submitting a draft report by August 8, 2016. After receiving comments on the draft report, we will finalize it by August 31, 2016. As agreed, we engaged EEC Environmental to provide input and analysis on regulatory, technology and case example topics. Our estimates do not include the cost of any Coos Bay trips or a detailed economic evaluation (which, as we discussed, requires an experienced economic consultant).

It is harder to ballpark the final report cost because we do not know the number/scope of the comments that will be received on the draft report. Accordingly, we will assume a moderate amount of comment, some additional analysis, an in-depth telephonic meeting with the Committee and a moderate amount of report revision. We can provide you with the cost for attending a Committee or City Council meeting in person (which may be a good idea). In any case, this cost would be relatively small.

For your information, I enclose a copy of the EEC engagement agreement and their estimate of anticipated costs for Phase 1.

Based on this scope, our estimates are as follows:

Draft Report: EEC Environmental: \$23,000 to \$28,000

Farella: \$55,000 to \$70,000

Final Report: EEC Environmental: \$5,000 to \$10,000

Farella: \$10,000 to \$15,000

## Phase 2: Drafting RFP for Privatized Plant

We do not have enough information to provide a reliable estimate for the cost of drafting a Request for Proposals for a privatized wastewater treatment plant. We would normally expect that the City or a consultant would take the lead in drafting many parts of the RFP, which would contain many technical, financial, administrative and other specifications that the City is required by law or policy to include. That being said, we can certainly provide input on qualifications, experience requirements, type of privatization, required contract terms and other important issues. I have not asked EEC to provide an estimate yet on this phase until we get a sense of what technical participation from them that the City would need. Let's discuss this phase in more detail if you need a Farella/EEC estimate of costs now.

Nathan, I hope these estimates meet your needs. As I know you appreciate, these estimates would need to be revised if any significant changes were made in the scope of work or if our assumptions do not prove to be accurate. Let me know if you have any questions or want further information.

Best, Skip

**Paul P. ("Skip") Spaulding, III**

*Partner*

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