

MEMORANDUM

TO: Trustee Thomas J. Staunton
Chair - Public Works Committee

FROM: Scott R. Niehaus
Village Manager

DATE: December 5, 2012

SUBJECT: Updated Contract with WRB, LLC for Consultant on Oak Lawn Water Negotiations

In August of 2009, the Village engaged WRB, LLC for consulting services related to due diligence review and the negotiations for contract renewal with Oak Lawn for water supply. A second agreement was entered into subsequently in April of 2011. To date, the summary of expenses related to Bill Balling are as follows:

August 2009	\$ 60,000
April 2011	\$ 45,000
Total	\$ 105,000

Of the amounts listed above, the Village is responsible for 28% of the expense \$29,400. The remaining 72% is paid from Mokena (10%), New Lenox (18%), Oak Forest (11%) and Orland Park (33%). However, the Village of Tinley Park acts as the administrator of the contract.

At present, our authorized expenditure for WRB, LLC is almost exhausted. At this time, we have made substantial progress with Oak Lawn and are on target to complete the negotiations in 2013. The group of five (5) communities have asked WRB, LLC to submit proposed for what it would take to get the contract done. A summary of the work to be done is provided below:

1. Prepare for and attend joint extended meetings with Oak Lawn general in Chicago to work on the Agreement itself. To accomplish the finalization, it is estimated that three meetings of five hours in duration will be scheduled;
2. Internal staff meeting to work with the Finance and Public Works Directors as well as Malcolm Pirnie Arcadis to address the final Agreement issues;
3. Managers meetings in December, January and February to finalize the agreement;
4. Mayors meetings. It is anticipated that meetings will be scheduled in January and February to complete the document and overall presentation strategy;
5. Perform Tasks to finalize Agreement; and
6. Perform Post Agreement Tasks.

The Manager's Committee has reviewed the scope of services for WRB, LLC and recommends approval of the proposal in an amount not to exceed \$45,000. As noted above, the combined amount will be distributed on a prorate basis and the Village's exposure would be \$12,180.50 (28%). However, the way the proposal is written, we are not obligated to pay the full amount if the hours are not used.

SRN:jc

cc: Kurt Carroll, Village of New Lenox
John Downs, Village of Mokena
Troy Ishler, Village of Oak Forest
Paul Grimes, Village of Orland Park



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Mr. Scott Niehaus, Village Manager
Village of Tinley Park
16250 So. Oak Park Ave.
Tinley Park, Illinois 60477

7 November, 2012

SUBJECT: Work extension proposal for WRB,LLC regarding Lake Michigan Water Project

Scott,

Here is my work plan for continuing services to support the Lake Michigan water project. I have structured this similar to the Malcolm Pirnie/Arcadis proposal and can proceed either on a continuing basis or as authorized by your group of five communities. I have not changed the bill rate and have identified potential additional work activities which will occur after the execution of the Water Supply Agreement with Oak Lawn which is of course a major milestone but not the end of the project. Obviously you and the Managers need to be comfortable with the work effort forecasted and as always I am open to modifying the level of work you would like to see accomplished. I have set up the work around meetings and tasks.

A. Meetings. 65 hours x \$165= \$10,725

There are four levels of meetings which I have identified, three of which are internal to our members. When I identify my time estimate for a meeting I project meeting preparation and follow up work along with the anticipated meeting itself. I do not bill for any travel time related to the meetings which has been my past practice.

1. Joint meetings. these are the extended meetings with Oak Lawn generally in Chicago to work on the Agreement itself. I am anticipating that we should shoot for a finalization of our Agreement by February, 2013 and to accomplish that I estimate three meetings of five hours in duration (10 hours each including preparation and follow up work) 30 hours
2. Internal staff meetings. These meetings work with the Finance Directors and Public Works Directors as well as Malcolm Pirnie Arcadis to address final agreement issues. I anticipate a December meeting and a January meeting and about 5 hours with Arcadis. 15 hours
3. Manager meetings. I would expect meetings in December, January, and February to finalize the Agreement. 12 hours
4. Mayors meetings. I expect a January and a February meeting to complete the document and overall presentation strategy. 8 hours

Tasks to finalize Agreement. \$20,600, 125 hours

There are three subsets of work tasks to finalize the Agreement, the acceptance of final legal language including final exhibit documentation, acceptance of business terms related to non-rate issues, and business terms related to rate and financial matters.

1. Legal Language. This involves the final coordination and acceptance of all legal language consistent with our group's direction, preparation and acceptance of final documentation including all exhibits, the Chicago contract, and the mechanisms of billing format and true up illustrations and explanations. This task includes coordination with legal our staff, engineering consultant, our Managers and Oak Lawn and its legal team.
2. Non Rate Business terms. While we have identified and prepared language to accomplish our objectives, those terms and conditions need to be discussed, negotiated, and accepted by Oak Lawn through various channels other than formal joint meetings.
3. Rate related business terms. This includes our continuing combined efforts with our management team and staff team to gain acceptance and understanding of each element of the rate model and ensure proper documentation of the model within the context of the agreement. This also includes understanding the plan of finance.

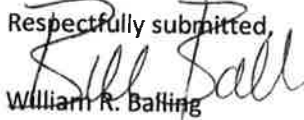
C. Post Agreement tasks. \$20,600 125 hours

Subject to the direction of the Management Team several tasks will be required as we move from the Agreement phase of this project to the implementation phase of the project to assure compliance to the rights and obligations contained within the Agreement. There will likely be fewer meetings but more contacts with the parties centered around the following tasks:

1. Follow up on the completion of subsequent Agreements including The Oak Lawn/Chicago Agreement, the North Customer Agreements, and review of same to assure that favored nations rights have been protected.
2. Monitor the compliance of the Oak Lawn approved plan of finance and provide commentary where appropriate to ensure our rights are protected and the plan is followed.
3. Coordination and due diligence review of the finals design concepts and bidding procedures including coordination with any additional authorized work with Arcadis.
4. Schedule and participate in coordinating meetings as established by Exhibit K as needed
5. Monitor the processing of the IEPA loan phase of the plan of finance.
6. Review and comment on the rate proposals for 2013 and their implementation.

All of the work elements will be based on actual hourly time spent on the tasks. It can be expected that the tasks themselves will be modified to meet the needs of our group and pending issues as they arise. A budget for this next phase of work of \$52,000 should be planned.

Respectfully submitted,


William R. Balling