

# EAGLE SEWER DISTRICT

March 8, 2010

## Regular Monthly Meeting

6:00 p.m.

### Minutes

#### I. Roll Call

Chairman Jim Brooks called the meeting to order at 6:00 p.m. Board members present: Ed Hendershot, Jim Gruber, Jim Brooks, Chuck Ferguson and Erv Ballou. A quorum is present.

Consultants present: Evan Robertson, legal counsel and Phil Johnson, MWH Engineers.

Staff present: Lynn Moser, General Manager; RJ Lake, Operations Manager; and Lynne Sedlacek, Business Manager.

#### II. Approval of Minutes

Ferguson moved, Hendershot seconded, to approve the minutes of the February 8, 2010 Regular Meeting. Discussion: Sedlacek asked the Board to consider expanding the original motion made under V. New Business, B. Selection of Chair and Vice-Chair. Sedlacek stated that US Bank wants the motion to reference that the Chair and Vice-Chair are authorized to sign checks issued on the US Bank checking account.

Gruber moved, Hendershot seconded, to expand the motion to read as follows (additions are underlined): *After brief discussion, Gruber moved, Ferguson seconded, that Jim Brooks serve another year as Chairman and Erv Ballou serve as Vice-Chairman and both the Chairman and Vice-Chairman will serve as signatories on the US Bank checking account.* The motion passes unanimously. Ferguson changed his original motion to approve the minutes as amended, Hendershot seconded the change, and the motion passes unanimously.

#### III. Monthly Reports

**A. Eagle City Council/Norm Semanko** – Semanko reported that Mayor Phil Bandy has officially resigned effective the end of this week. By state statute, the Council President, Michael Huffaker, will be acting mayor. The sitting council members will appoint the new mayor, or if the mayor is selected from the existing council, the new council member.

Semanko stated that during the last budget session, the council had discussed whether or not to change the full-time mayor position to a part-time position and to reduce the benefits accordingly. Semanko said that discussion would be continued at tomorrow's council meeting.

Semanko gave a brief update on some of the items listed for the next council agenda. Moser asked about the commercial and residential projects proposed for the south side of Chinden Boulevard, between Meridian Road and Linder Road. Semanko reported that he and Councilman Shoustarian had facilitated a mediation meeting between the developers and the neighbors and he reported on some of the unresolved issues. Moser stated that he had heard several rumors regarding sewer service to the area, and he stated that he has provided the City with a memorandum that explains how sewer service would be provided to the area.

**B. ESD Board of Directors:** Ferguson and Ballou reported that they had met with Lake for their monthly operations review and had viewed both the new headworks project and the new storage facilities at the plant. Hendershot reported that he had also visited the project sites. There were no other reports.

**C. Operations Report/RJ Lake** – Lake reported the total plant flow for February 2010 was 43.67 million gallons, for an average of 1.56 million gallons per day. Denver Bear is recuperating from foot surgery. The punch list items for the new storage facilities are complete, but the wrong heating units were installed and the contractor is in the process of changing the units. The auction for the old jet truck is closed. Drainmasters, Inc. out of Alberta Canada purchased the truck for \$70,000. Lake said the owner of Drainmasters reported he saw the truck listed on Hendershot's "Build Swap" website. Brooks and Moser both thanked Hendershot for helping the District sell the truck.

#### **IV. Unfinished Business**

**A. Wastewater Headworks Project** – Johnson reported the contractor is nearly finished with the concrete work, and not one of the concrete tests has failed. Johnson stated there was excellent quality control done on the concrete work. This month the contractor will start the masonry work. About one half of the underground electrical work is completed. Johnson stated he is pleased with the progress.

**B. Dry Creek Crossing Project** - Johnson reported the project is going well. Last Friday the contractor reached substantial completion. There is still some demolition work to be done. Approximately 30 to 40 feet of the old pipe across Dry Creek needs to be removed. The contractor will also need to replant the area with native grass. Lake reported that Rencor Construction was doing a great job.

#### **V. New Business**

**A. Update to Financial Procedures Manual** – A memorandum from Sedlacek was included in the Directors' meeting packets. Sedlacek reported that the only time the District's bank balance exceeds the Federal Deposit Insurance Corporation (FDIC) coverage limits is when investment funds are transferred into the bank account to cover large construction pay requests.

In May 2006, the Eagle Sewer District entered into a Pledged Collateral Agreement with US Bank. The Agreement provides protection for fund balances over the FDIC limit. Sedlacek has prepared a statement that describes the Pledged Collateral agreement process. Sedlacek asked the Directors to approve the statement for inclusion into the District's Financial Procedures manual. There was brief discussion regarding the "collateralization" process. Gruber moved, Ferguson seconded, to adopt the statement as submitted for inclusion into the District's Financial Procedures manual. The motion passes unanimously.

**B. MWH Engineering Services Contract for WWTP Headworks Facility** – Moser reported on MWH's change order request for the new headworks project. The change order itemizes the additional hours that were needed, and the additional hours that are projected to be needed, for different components of the project. The change order estimates an additional 898.7 hours will be needed. The additional cost is listed as \$106,580.

Johnson started the discussion by explaining how the original budget was calculated. He explained that much of the additional cost was caused by underestimating the time needed for project design. Extra costs were incurred for the civil, structural, and mechanical engineering and also for ZGA Architects. Johnson reported that the bid process also required more hours than anticipated. He stated he had responded to 82 contractor questions. Johnson stated that the extension of the contract term will probably require more hours for the resident engineer.

There was long discussion regarding the accountability of design costs. Brooks gave each Board member time to ask questions. The Board was agreeable to the additional costs caused by the extension of the contract and the need to have a resident engineer available on this project. The Board indicated a more detailed explanation regarding the design costs was going to be needed.

Johnson stated that he preferred the Board give a straight "up or down" vote on the whole change order because to allow only \$21,000 for the resident engineer was not going to be enough to adequately address the entire need for additional engineering money.

(Note added by Board Chairman: As the over-budget costs during the design phase had been moved forward to the construction phase and prorated to the several construction cost items, the figures provided to the Board do not directly correlate to actual costs during that phase. Hence, \$21,000 does not necessarily represent the actual costs for added supervision during the extended construction period.)

Johnson stated that if the Board denied the entire change order request, MWH would still complete the project including the preparation of the record drawings and the technical manual.

The Board questioned Johnson's insistence on an all or nothing vote. There was also additional discussion regarding the District's operation staff taking up some of the resident engineer's responsibilities. There are approximately eight months left on the construction project, The Board voiced agreement in monitoring the construction process and the need for a resident engineer for another 60 days. They will take up the discussion regarding the change order request at the Board's May meeting. Hendershot moved, Ferguson seconded, to table this issue to the May meeting. The motion passed unanimously.

#### **VII. Ratification of Claims Paid Against the District**

Ferguson moved, Hendershot seconded, to pay the claims against the District. The motion passes unanimously.

**VIII. Adjournment**

Ferguson moved, Ballou seconded, to adjourn the meeting. The motion passes unanimously. The Regular Meeting adjourned at 7:40 p.m.

Respectfully submitted:

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Lynne Sedlacek