

Raymond - South Bend Regional Wastewater Coordinating Committee

300 First Street • Raymond • WA 98577 •

RWCC REGULAR MEETING Raymond City Hall August 1, 2012

- **A REGULARLY SCHEDULED MEETING** of the RWCC was held in the Raymond City Hall on August 1, 2012 at 5:30 PM. In attendance were Eric deMontigny, Jerry Bowman, John Dunsmoor, Patricia Neve, Bob Jungar, Dominic Miller, Jay Swift, Kirk Church, Dean Parsons, Cathi Read, Tom Zerkel, and Skip Rand.
- **INTRODUCTIONS**
 - Skip Rand was introduced to the group. Skip is a consultant with considerable experience with wastewater treatment plants and completing financing and rate studies for municipal utilities. Skip has worked with several members of the RWCC in the past.
- **REVIEW AND APPROVAL OF JUNE 28, 2012 MEETING MINUTES**
 - A quorum was not present; therefore, any action requiring a vote, including approving the minutes, did not occur.
- **ANNUAL BUDGETING PROCESS**
 - Skip Rand presented his report on O&M, debt service and debt service reserve as well as a 15-year look at equipment depreciation schedules. Skip emphasized that his report is a very preliminary review. The objective is to identify a revenue target. Per Jay, both mayors indicated at our June budget meeting that they don't want a rate study completed now (how the revenue target translates over to rates), so a rate analysis is not in Skip's current scope of work.
 - Skip expressed concern that future councils may not honor the reserve fund and keep it for its intended purpose.
 - Should an emergency occur the RD has a provision in the Agreement that would allow a release of reserve funds for immediate needs, so long as there is an approved payback schedule to replace the funds.
 - The cities may elect to identify these as restricted or dedicated funds.

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- Two other loans (Public Works rust Fund and Department of Ecology) need to be added in to the equation.
- The preliminary budget for regional O&M developed by Dean and Todd with some input from Jay is reasonable.
 - The Inter-Governmental Contract (IGC) includes a formula for the allocation of capital replacement costs. That split is 68.71/31.29%, for Raymond to South Bend respectively.
 - Skip's spreadsheet includes repetitive replacement costs and should also cover total cash requirements for replacement costs for short-lived assets – NOT the long lived assets. The inclusion of repetitive replacement costs in Skip's spreadsheet makes his costs higher than the estimates provided by RD.
 - Skip's calculations assume a 1% per year increase for inflation. Eric suggested that 1% seems low and Skip advised that he will recalculate using 3%.
 - Warranty on equipment begins when it is put into beneficial occupancy and/or use. A typical warranty is one year, but the specifications prepared by Gray and Osborne (G&O) requires two years.
 - Skip suggested that this spreadsheet could serve as a tool to explain rate increases to customers.
 - Jay will extract the debt service associated for associated local project costs (Raymond only and South Bend only) from the totals which will change the regional debt service and reserve amounts.
 - RD and Skip ended up with similar EDU's/ERU's.
 - Skip suggested that the cities consider revisiting commercial/institutional rates, specifically mentioning the hospital and the courthouse.
 - There was a question about Raymond's ERU rate being slightly higher than South Bend's. The IGC split is different from the EDU/ERU split. One reason mentioned was that growth projections are different for each city.
 - Individual usage could make a difference. Skip asked that each city provide him with a year's individual household water usage.

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- Also, Jay pointed out that basing the number of sewer ERUS on winter water use, although the best means for estimating ERUs is not infallible, due to difficulty in estimating the proportion of water not returned to the sewer, and the impact of variable industrial flows.
- Eric had some questions about labor costs.
 - The Willapa labor costs on a per pound BOD basis are substantially higher than other “similar” plants.
 - Dean’s numbers were used in the calculations assuming four FTE’s using 2013 salary scales as negotiated with the Union.
- Next steps
 - Provide Skip with numbers to identify South Bend only and Raymond only capital costs.
 - Skip will provide an easily understood explanation of his spreadsheet.
 - Skip will contact Dee and Hester by telephone to discuss the two separate billing system capabilities to determine if it is possible to show local costs and regional costs separately.
- **REGIONAL WWTP PROJECTUPDATE**
 - Construction progress
 - Jay distributed pictures of the WWTP which show good work progress.
 - Change orders and potential construction issues
 - Change order #6
 - Rognlin’s request for extra contract days was removed and will be included in Change Order #7
 - The other three items were settled on Change Order #6.
 - Costs for the restroom have been adjusted down.
 - The grinder pump has been ordered
 - Kirk asked if a water meter was installed for the water service to the restroom. The City of South Bend wanted a meter than can be read electronically. The meter installed is not automated. Dom will check.
 - Electrical cost questions were settled.

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- Schedule
 - Implication of 30-day delay with regard to Waste Action Project
 - Their Attorney indicated that the extra contract days were not a problem.
 - Waste Action Project requested that additional care be taken by South Bend regarding operation of the lagoons during the extended time.
 - South Bend river crossing break
 - Mike Tierney will talk with Dale Little about informing Waste Action Project.
 - The incident was reported to Ecology as well as all businesses in the City and regulatory agencies.
- **CONLEY ENGINEERING BUDGET / BILLINGS**
 - Tom presented an overview of the original and revised construction Management Agreement with Conley Engineering. The original Agreement was for \$600,000. An Amendment to the Agreement reduced the Construction Management portion and the programming portion each by \$50,000 for a revised Agreement total of \$500,000. The Amendment was approved by the RWCC in the September 2011 meeting and executed in January 2012. The revised Agreement breakdown is \$250,000 for CM, \$150,000 for Programming, and \$100,000 for startup.
 - Startup includes observation of shop and field tests, development of control algorithms, troubleshooting of equipment and software, development of HMI monitor screens, and providing operation and maintenance manual.
 - Lack of shop testing frequently creates issues on startup, requiring troubleshooting in the field and resulting in changes. Shop testing alleviates this issue.
 - Shop testing ensures that panels are properly constructed according to plans and specs.
 - The panels leave the shop as certified.
 - Tom asked for a go-ahead on programming and a final resolution to the Conley issue. Conley has been asked to halt all activities until this is resolved. Eric agreed that we have already approved this. It is part of G&O's scope of work.
 - John repeated his misgivings that Conley was given the contract to do the programming without putting it out to bid.

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In his opinion Conley was not part of the original Agreement; however, Eric reminded John that programming is in G&O's scope of work. G&O indicated their experience with difficulties associated with third-party programming and it is no longer common practice to put this activity out to a third-tier sub-contractor. Eric indicated that a single point of responsibility for programming coordinated with the design reduces "finger-pointing" when issues arise.

- Eric mentioned that Conley is programming at \$50 per point while he knows of a current project where programming is at \$80 per point.
- Conley is at 40% of budget for the electrical engineering services on project.
- Jerry asked Tom if the \$500K allocate to Conley's electrical/programming work was adequate. Tom assured the group it was.

- **BIOSOLIDS REMOVAL / LAGOON DECOMMISSIONING**

- Weyerhaeuser meeting
 - A meeting was held on August 1 at South Bend. They are interested in selling all 171 acres, not just the area leased to South Bend (approximately 35 acres). Everyone agreed that obtaining a current appraisal is the appropriate next step between South Bend and Weyerhaeuser as it is specified as the first course of action in the Agreement between South Bend and Weyerhaeuser (however, was not completed during previous negotiations regarding a sale in 2005-2006). With their many resources Weyerhaeuser will suggest an appraiser. The appraisal cost will be split between South Bend and Weyerhaeuser.
 - An RD grant will fund the purchase as long as the purchase of the land is the lowest cost way to deal with decommissioning. Jay will verify an appraisal is reimbursable from RD.
- Decommissioning
 - Jay spoke with Kyle Dorsey (Department of Ecology). Decommissioning is to include the following:
 - The mixture of sand, shell fragments, and biosolids in the bottom of the South Bend WWTP lagoons needs to be treated as biosolids. The biosolids would need to be screened in

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accordance with state regulations in any management scenario.

- Utilizing the existing biosolids in the South Bend lagoon as nutrients support a well-conceived, engineered habitat enhancement project is potentially approvable.
- A WWTP Decommissioning and Habitat Enhancement Plan would need to be developed by the regulators.
- A new Application for Coverage under the Statewide Permit for Biosolids Management would need to be prepared and submitted to Ecology for the plan to go forward. A SEPA Environmental Checklist and Public Notice would need to be prepared.
- A Site-Specific Land Application Plan would need to be submitted.
- Jay submitted a three-part proposal:
 - Part 1 is described as “SOUTH BEND WWTP DECOMMISSIONING AND HABITAT ENHANCEMENT PLAN – COORDINATION WITH STATE AND FEDERAL AGENCIES AND PLAN DEVELOPMENT” with a cost of \$7,966.
 - Part 2 is described as “SOUTH BEND WWTP DECOMMISSIONING AND HABITAT ENHANCEMENT PLAN – BIOSOLIDS PERMIT APPLICATION AND SITE-SPECIFIC LAND APPLICATION PLAN” with an estimated cost of \$5,984.
 - Part 3 is described as “SOUTH BEND WWTP DECOMMISSIONING AND HABITAT ENHANCEMENT PLAN – WWTP SITE TOPOGRAPHIC SURVEY” with an estimated cost of \$8,945.
- Kyle also indicated that he is leaving his position at the Biosolids Program, and will a policy analyst for Ecology. Thus, his say regarding this permit will be diminishing with each month, so it is a good idea to get the permitting done sooner than later.
- Prior to moving forward with any decommissioning plans the RWCC will wait for additional information from Weyerhaeuser.

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- **SET NEXT MEETING**
 - August 23, 2012 – South Bend City Hall – 5:30 PM
- **ADJOURN**
 - 8:00 PM