

# Raymond - South Bend Regional Wastewater Coordinating Committee

300 First Street • Raymond • WA 98577 •

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## **RWCC REGULAR MEETING SOUTH BEND CITY HALL AUGUST 23, 2012 – 5:30 PM**

- **INTRODUCTIONS** – None necessary – Present were Eric deMontigny, Jerry Bowman, Todd Stephens, John Dunsmoor, Kirk Church, Bob Jungar, Skip Rand, Patricia Neve, Jay Swift, Dale Little, and Hester Gilleland.
- **A MOTION TO ACCEPT** the June 28 and August 1 RWCC meeting minutes was made by Jerry and seconded by Todd. The motion carried unanimously.
- **ANNUAL BUDGETING PROCESS**
  - Skip Rand Presentation
    - Skip apologized for how this set of numbers varies from the previous to note the spreadsheet date when discussing the numbers.
    - Skip's goal is to arrive at a figure that each city will be able to use as a planning tool. This is accomplished by looking at South Bend's and Raymond's current budgets and adding estimated additional costs. Regional costs will be extracted from that figure (which will reduce the local budget numbers). Both the Local and Regional numbers will be used to determine necessary rates.
    - Skip's most recent (8/23/2012) spreadsheet (subject to change) indicates the following:
      - For Raymond: Total project debt **plus** RD annual debt service reserve **plus** RD annual depreciation reserve **plus** RWWTP O&M **plus** current O&M expense projections **minus** adjustment for current budget costs now in RWWTP **minus** current 2012 operating revenue project = an annual revenue shortfall of \$566,110.
      - For South Bend: Total project debt **plus** RD annual debt service reserve **plus** RD annual depreciation reserve **plus** RWWTP O&M **plus** current O&M expense projections **minus** adjustment for current budget costs now in RWWTP

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minus current 2012 operating revenue project = an annual revenue shortfall of \$480,332.

- Eric questioned South Bend's current budget credit of \$39,000 as seeming – no credit is shown for reduced effort to operate South Bend's existing plant, which will be decommissioned. Kirk said they may reallocate two people from Sewer to Streets or Water. South Bend will have its pump stations to maintain.
  - There was discussion that if Raymond needs an additional person it makes good sense to use a South Bend person. This would take advantage of skills and training and offer a great opportunity to a younger worker.
- Items included in the adjustment figure for current budget now in RWWTP budget include loans, wages, supplies, and services.
  - Todd supplied the wage estimate based on current wage scales.
  - Todd indicated that he felt his labor cost projections were conservative (possibly a little higher than would actually be required).
  - The annual depreciation reserve number used is somewhat higher than that put forth by Debbie Harper, but reflects a more thorough evaluation of actual equipment that will be depreciated than was available at the time of Debbie's analysis.
  - O/M costs were extracted from the cities' budgets. Skip suggested that the budget show more detail, e.g. break out water wages from sewer wages and show details for the "operating supplies" item. "Training" was moved over to the Regional budget. Each item moved to Regional will be a credit to the City budget.
  - Per Hester, each city will have its own Regional budget with its own debt component. Hester will

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keep a separate accounting of Raymond's O/M costs.

- Skip suggested that customer billings show a separate line item for local costs and regional costs. While Hester does not see the value Eric opined that it would benefit South Bend and Eklund Park customers. As rate increases may become necessary in the future it will help the customer to see where the increase is. "The more you explain, the less they complain."
- Hester asked about Administrative expenses. Raymond has not charged any to date. She would like to plug in an amount equal to 25% of her salary as an Admin cost. Skip replied that if her workload has increased, it should show somewhere as extra time for her. While RD did not pay for Admin costs as part of the construction effort, we were still required to budget for it. ARRA/SRF did pay some small amount for Admin costs. Todd's numbers included 0.8 FTE for Admin because of the Regional effort. A portion of Dean and Scott's time is included in Todd's estimate of FTEs. Raymond could hire someone. The important thing is that the budget include Admin costs with an explanation of who it is and an explanation of what the costs represent. What tasks are performed? The budget number must be defensible. Todd has a model to use. It was noted that the Admin effort on the front end of the project is much heavier than it will be going forward.
- Next steps
  - Todd, Skip, Dale, and Kirk will continue to cross-communicate.
  - Each city will find out the percentage of liability insurance to assign to the Regional budget.
  - At this time Kirk does not find it necessary to conduct a rate study. He would rather wait until the numbers firm up a bit – maybe in a month or so.

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- Raymond “desperately” (per Hester) needs a rate study. They have no justification for their rates at this time.
  - Rate studies are reimbursable by RD.
  - Kirk asked who was taking over while Dean is out. In addition to Raymond’s Scott Pearson, Hester, Mayor Jungar, project managers and G&O, there are lots of resources within the RWCC.
- **REGIONAL WWTP PROJECT UPDATE**
  - Construction progress
    - Jay’s photographs indicate good progress.
  - Change Order 6: A motion to approve Change Order #6 was made by Todd and seconded by Jerry. The motion carried unanimously.
  - Change orders and potential construction issues
    - Due to faulty information provided to Rognlin’s by CXT (the restroom manufacturer) the crane ordered for the project was found to be inadequate by the installer. The additional cost for a larger crane is an estimated \$3,200, which will be rolled into an additional change order. Convention says that the owner accepts the risk for owner-furnished equipment. . The additional cost is reimbursable.
    - The restroom is scheduled to be dropped into place and installed Tuesday, August 28, 2012.
- **BIOSOLIDS REMOVAL / LAGOON DECOMMISSIONING**
  - Follow-up on Ecology , Weyerhaeuser, and other contacts
    - Kirk called Karen Temen but did not hear back. Because of the length of time it took to settle the issue of a 10-foot strip of Weyerhaeuser property along the Raymond WWTP, it is expected that this much larger transaction could take much longer. Kirk will continue his attempts to contact Karen.
  - G&O Contract Amendment for South Bend WWTP decommissioning and habitat enhancement plan
    - A quorum was not present; therefore, no action could be taken on this Amendment.
    - As Kyle is leaving Ecology and his influence on this project will be diminishing we need to get moving on this ASAP.

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- **OTHER**
  - Mayor Jungar received an electrical service contract from PUD. There was a question as to whether this was included in Rognlin's bid and should it not be passed along to them? Jay will find out and advise.
- **SET NEXT MEETING** – September 20<sup>th</sup> – South Bend – 5:30 PM
- **ADJOURN**- 7:15 PM