

Raymond - South Bend Regional Wastewater Coordinating Committee

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RWCC

REGULAR MEETING

SOUTH BEND CITY HALL

October 25, 2012 – 5:30 PM

- Present were: Eric deMontigny, Dean Parsons, Dale Little, Jerry Bowman, Patricia Neve, Cathi Read, John Dunsmoor, Tom Zerkel, Doug Welch, and Todd Stephens
- Introductions – None necessary
- Review and approval of September 20, 2012 meeting minutes
 - A motion to accept the minutes from the September 20, 2012 meeting was made by Jerry, seconded by Todd, and carried unanimously.
- Annual budgeting process
 - Review of updated budget spreadsheet
 - Skip, Hester, Dee, Jay, and Cathi met on the phone on October 25, prior to the RWCC meeting. It was reported that the two city clerks preferred to budget for the lower of the two estimates for set-asides for short-lived assets.

Raymond - South Bend Regional Wastewater Coordinating Committee

300 First Street • Raymond • WA 98577 •

- There was a question about the Rd loan payment. The first semi-annual payment is due 6 months after the loan closes. Loan closing begins after the last of the loan monies are disbursed which will occur during the November construction period. Typically, it takes 2-3 weeks to get pay estimates approved – usually the 2nd or 3rd week of the month. That would start the process of closing out the loan making the first RD payment due mid-June to mid-July. A question for Debbie Harper (RD) is to confirm how long it takes to close out the loan.
- Cathi reported that interest rates for RD loans have been coming down – the current quarter is at 2.125%, compared to the 2.5% that the project has been budgeted for (the cities had qualified for a hardship poverty cap of 2.5%). If the current rate holds, there would be a savings of about \$45K per year in interest payments. Cathi noted that interest rates have been coming down about 1/8% each quarter, which could further reduce the interest payment. This could be good news for the cities. Jay is to initiate an email to confirm the interest rate.
- There was an emphasis that each city's budget must include sufficient funds to pay for the proper maintenance of the new state-of-the-art facility.

Raymond - South Bend Regional Wastewater Coordinating Committee

300 First Street • Raymond • WA 98577 •

- On the conference call, Hester spoke of her intention to create a Local Government Investment Pool (LGIP) for regional set asides (short-lived asset replacement reserve and debt service reserve). The City of Raymond's ability to access the reserve fund would be limited. This sounded like a good idea to all.
- There is a \$15K placeholder for sludge disposal in the budget. Although costs are unknown, it is certain that \$15K is a low number compared to what actual cost will likely be, unless the biosolids are accepted (and hauled) for beneficial use at no cost.
- Salaries are based on the collective bargaining agreement plus an allowance for the Administrative Manager and the Clerk/Treasurer. Raymond currently has two level 3 waste water treatment employees where one may be retiring any time in the next three to five years. Any new hires must be trained to a level 3 certification level within 3 years
- Excise taxes and collection costs were discussed.
- Audits were not a concern as they occur anyway
- The discussion revealed that the South Bend Clerk Treasurer did not have all the numbers she needed. A close look at the budget reveals that there are \$211K in Regional OM expenses (not

Raymond - South Bend Regional Wastewater Coordinating Committee

300 First Street • Raymond • WA 98577 •

being spent on local) she was not aware of. She is now adding those numbers into her budget.

- A motion to accept the RWCC budget dated October 25, 2012 which showed an O&M cost of \$676,500 to be proportionally shared by the cities was made by John and seconded by Todd. The motion carried unanimously. It is understood that the budget is the best available estimate based on information at hand, projections for energy and chemical usage and labor costs, and the experience of the people who had input (Dean, Todd, Skip Rand, Eric, and G&O). It is understood that actual costs will vary.
 - The RWCC budget that was adopted includes:

| | Total | Raymond | South Bend |
|--|-------------|-------------|------------|
| Debt service and reserve contributions | \$922,683 | \$567,230 | \$355,453 |
| Operations and maintenance | \$676,500 | \$464,814 | \$211,686 |
| Totals | \$1,599,183 | \$1,032,044 | \$567,139 |

Please note: These numbers assume that PWTF debt for design costs is included in each city's 'local budget.'

Raymond - South Bend Regional Wastewater Coordinating Committee

300 First Street • Raymond • WA 98577 •

- State Online Solutions Platform (Project documentation and collaboration)
 - Cathi Read described a free tool offered by Washington State. It was originally created to track permitting on projects. It is web-based for any given project and could make minutes, agreements, correspondence, historical information, maps, drawings, etc. readily available to the public as well as the RWCC.
 - Both cities are talking about budgets and will likely face rate increases. This program would allow the cities to have good transparency with the public and could greatly reduce the requests for documents and public records. The city of Yacolt and a coal exporting terminal are using the system with success.
 - The program is free and does not require a password. It is easy to use and can be customized. Scott Boetcher is on contract with the Association of Washington cities and Washington State Association of Counties and is available to come down for a demonstration.
- Regional WWTP Project Update
 - Construction progress
 - Doug Welch distributed pictures showing good progress. Equipment is being installed and wire is being pulled. Ronglin's is now working on the solids handling building.

Raymond - South Bend Regional Wastewater Coordinating Committee

300 First Street • Raymond • WA 98577 •

- Schedule: Totem is asking for an extension of 30 working days from the January scheduled substantial completion date. The alternative is to bring on extra workers which Mike (with Totem) would rather not do. The area they are working in is small and may endanger the current high level of performance. Mike feels this could lead to other quality problems down the road. Rognlin's is in agreement. The extra 30 working days (approximately 6 calendar weeks) would push the liquid stream start-up date to March 6th and substantial completion to July 3rd.
 - Potential impacts of the extension could include additional inspection and engineering costs, issues with maintaining the schedule in South Bend's consent decree, and South Bend operating costs because of decommissioning time.
 - South Bend's "old" plant is ready to die (per Dale) and the city needs to get on line with the regional plant as soon as possible. Should something major go wrong with the existing plant during that 6-week extension period the City of South Bend would be hard-pressed to come up with the funds to make the necessary repairs.

Raymond - South Bend Regional Wastewater Coordinating Committee

300 First Street • Raymond • WA 98577 •

- (Waste Action Project) WAP has already been informed once regarding delay of the plant startup, and in their reply to the notification cautioned against a violation of South Bend's NPDES permit, which would put the City at risk of additional fines or legal action. Jay and Doug spoke with Mike Tierney (South Bend's legal counsel on the WAP settlement), who said if it were him, he would not notify WAP regarding the current extension request.
- The City of South Bend requested that RWCC postpone the vote on the time extension until the City could provide RWCC with enough information to make an informed decision, presumably November 1.
- Per G&O this is a no-cost item. Neither Totem nor Rognlin's will request additional compensation for the time extension according to Doug. G&O stated that they will not come back for any additional costs. Any decision on this delay will not delay the date that the RD loan repayment must begin. As noted above, the loan repayment begins 6 months after the loan closes.
- Change orders and potential construction issues
 - Change orders:

Raymond - South Bend Regional Wastewater Coordinating Committee

300 First Street • Raymond • WA 98577 •

- Lifting lugs: The large lifting lugs welded to the base of the progressing cavity pumps are too long. There are 4 lugs for each of the 6 pumps, or 24 lugs (ears). Resolution options include either burning or cutting off the unwanted portions. These options cost \$1400 for cutting or \$1700 for torching. Torching is preferred and was accepted as the option with which to proceed.
- Rognlin's is asking to not pay out of pocket for a roof over the UV structure (approximately 14 X 70). It was a bid oversight. The roofer bid only off of the architectural drawings and not on the structural drawings. The cost for this change order is estimated at \$11K
- Rognlin's is asking to not pay out of pocket for plumbing at the headworks. The plumber did not bid the headworks because the work is shown only on the mechanical drawings and that a plumbing drawing was not included in the bid document. Doug noted that Rognlin's is doing other things for which they are not asking reimbursement. The cost for this change order is estimated at \$8K.
- Rognlin's has not included any markup in these estimates.

Raymond - South Bend Regional Wastewater Coordinating Committee

300 First Street • Raymond • WA 98577 •

- A motion to approve all actions was made by Todd, seconded by Jerry, and opposed by John. The motion carried.
- CO #8 – PUD connection charges Labor and trenching costs are still under negotiation but should be settled soon per Doug.
- Production issue: Will Scott (G&O inspector) has been offered and has accepted a job out of state. Doug and Aaron Pease are interviewing another G&O employee (Ron Derrick) to take his place. He will have one week to work with Will to get up to speed. Ron has experience with this type of work. He worked with Gibbs & Olson on treatment plants. He worked with Rocky Seaman on the I&I project in South Bend. He has been a surveyor and had done more horizontal and utility work than vertical work. He worked a tough job in Washougal. He is a good guy who does a good job anticipating. He is a good communicator who will have lots of support. Aaron may camp down here for a while.
- Rognlin's will overlay the trail pavement splits next spring
- HMI software: The *WONDERWARE* seems to be deteriorating. They are charging clients full price or near full price for upgrades. An alternative is Allen Bradley's (Rockwell) *Factory Talk View Studio*. It does

Raymond - South Bend Regional Wastewater Coordinating Committee

300 First Street • Raymond • WA 98577 •

have different features, is ~\$10K cheaper and does not offer any further programming cost savings. Todd and Ron will make the final decision.

- Biosolids removal / lagoon decommissioning
 - Update on South Bend WWTP decommissioning and habitat enhancement plan
 - No contract yet. Jay continues to lobby Weyerhaeuser on the appraisal issue
- Set next meeting- November 29th – Raymond City Hall
- Adjourn – 7:18 PM