

MINUTES OF THE MEETING OF THE COMMISSION

March 4, 2014

The regular meeting of the Board of Commissioners of Public Utility District No. 1 of Whatcom County was called to order at 8:00 a.m. by Commissioner Jeff McClure. Said meeting was open to the public and notice thereof had been given as required by law. Those present included Commissioner Mike Murphy, Commissioner Paul Kenner and Legal Counsel Jon Sitkin. Staff: Steve Jilk, General Manager; Ann Grimm, Administrative Assistant; Brian Walters, Director of Utility Operations; Annette Smith, Director of Finance; Duane Holden, Manager of Construction and Facilities; Alec Strand, Project Manager; Fred Disch, Water Systems Supervisor; Lew Gaskill, Accountant 1; Paul Siegmund, Manager – Automation and Technology Services; Mike Macomber, IT/SCADA Technician. Public attending: Tom Perry and Chris Hiatt, Murray, Smith and Associates.

◆ **Public Comment**

None made.

◆ **Approval of the Meeting Minutes and Claims**

The Commissioners were presented with the Minutes of the regular meeting held February 25, 2014 and the following Claims of March 4, 2014.

VENDOR NAME	AMOUNT
APPLIED DIGITAL IMAGING	37.43
ARBITRAGE GROUP INC.	2,500.00
BELLINGHAM LOCK & SAFE, INC	522.99
BHAM WHATCOM CHAMBER OF COMM & INDUSTRY	320.00
CHMELIK SITKIN & DAVIS	2,427.80
CULLIGAN NORTHWEST	58.07
DELTA DENTAL OF WASHINGTON	2,435.15
ESRI	1,630.50
FEDERAL EXPRESS	10.02
FERNDAL TRUE VALUE HARDWARE	19.55
FRONTIER	732.46
HARDWARE SALES, INC.	84.16
HD FOWLER CO, INC	149.68
HEALTH PROMOTIONS NORTHWEST	90.00
NOOKSACK SALMON ENHANCEMENT ASSOCIATION	15,000.00
PLATT ELECTRIC SUPPLY CO	692.40
PORTAL WAY FARM & GARDEN	54.33
REGENCE BLUE SHIELD	33,438.46
RICOH USA	249.82
STELLAR J CORPORATION	658,255.36
THATCHER COMPANY OF MONTANA	16,366.65
TYLER TECHNOLOGIES-INCODE	347.49
WASHINGTON TEAMSTERS WELFARE	8,794.80
WHATCOM COUNTY TREASURER	570.73
GRAND TOTAL	\$744,787.85

ACTION: Commissioner Kenner motioned to approve the Minutes of the regular meeting held February 25, 2014 and the Claims of March 4, 2014. Commissioner Murphy second the motion. Motion passed unanimously.

◆ **Approval of Murray, Smith and Associates Construction Services Contract – Amendment No. 5 to Task Order No. 19.**

Note: At the February 25 meeting, the Commissioners requested additional information regarding Amendment No. 5 so the item was tabled for further discussion at today’s meeting.

Background: Jilk reported that Walters provided additional detailed information for Amendment No. 5 as requested. Task Order No. 19 was originally established to provide preliminary design services for Plant 2. This effort evaluated different design alternatives and refined the project’s objectives and design concepts, and concluded in December 2010 with the issuance of the draft report entitled Preliminary Design of Water Treatment Plant 2 Improvements (pre-design report).

Task Order No. 19 has been amended several times since it was initially approved.

Amendment No. 1 Assistance in preparing and submitting environmental and land use permit applications necessary for the project.

- Amendment Nos. 2 & 2a Expanded the scope of Task Order No. 19 to include final design phase services.
- Amendment No. 3 Included engineering services to support the bidding/construction phase of the Plant 2 project. After discussion between MSA and staff, it was decided that to manage costs during this phase of the project, District staff would take the project management lead with MSA providing support assistance. The level of services and budget for MSA and its subcontractors was based on this approach.
- Amendment No. 4 Additional construction support services (provided by MSA) during the continued construction, start-up and commissioning phases of the Plant 2 project. The scope of services under this Amendment was developed, based on the experience gained by District staff during the first few months of the construction phase of the project. This experience informed and helped guide staff in determining how much of the construction work could be managed by in-house staff versus the use of MSA in assisting staff.
- Amendment No. 5 Continues the construction services work performed by MSA under Amendment No. 4 and includes construction close-out activities. Among the reasons for the Amendment covering continuing services are:
- 1) Project design and construction changes, weather related changes to construction schedules, and the constraints imposed by ongoing water system operations has extended the date for project completion into May 2014.
 - 2) District project management staff continues to require MSA staff support for technical review, engineer's opinions, and management support when staff is involved in other ongoing operations and other projects.
 - 3) MSA continues to be involved in the commissioning of electrical and mechanical equipment, preparation of project documents, and final "as-built" drawings.

It is understood by the District and MSA that the amount of construction services budget increase requested under this Amendment is based on an estimate of engineering time and materials to be expended through May 2014, completion and startup of Plant 2 rebuild (RW-1). Any work and related expenses invoiced by MSA will be for actual hours of work and materials expended.

Task Order 19 Budget:

Task Order 19 with Amendment Nos. 1 – 4, and proposed Amendment No. 5 is \$3,101,408. This covers a range of services: pre-design through final design; permitting; bid specifications & bidding; construction management & support services; project documentation, as-built drawings & project close-out. Based on a Plant 2 project construction cost of approximately \$20 million dollars, which includes the contractor's bid and change orders, the MSA budget is approximately 15.5 % of the total project cost. This is within the range of percentages for other projects the District has reviewed. If one looks at just the post design portion of MSA's budget, the dollar amount is \$1,029,115. This amount is 5.1% of the construction cost. The last two Amendments (4 and 5) cover construction services and close-out activities, have a budget of \$266,799. This is approximately 1.3% of the estimated construction cost.

For planning purposes, the Association of Public Works Engineers uses 15% for the cost of engineering to the cost of construction. In reality, each project stands on its own with different project specific factors influencing the cost of engineering. Water projects where District staff obtained data had a range of engineering costs from 14% to 25% relative to the cost of construction. A \$10 million dollar project in Portland, OR had engineering costs at 14%. A \$19 million project in Airway Heights, WA had engineering costs at 25%. In between, the new \$30 million treatment plant for the City of Anacortes had engineering costs at 19%.

A good indication that the approach taken by the District on the Plant 2 project is working is that the total dollar amount of construction change orders as a percent of total construction is less than 2.5% to-date. Typically, a 5% figure for change orders is considered good on a project of this magnitude.

Commissioner Murphy commented that as he understood it, as-built drawings, O & M Manuals and other typical close-out items should be included as part of the original bid, not separate. Jilk explained that initially, MSA provided a complete proposal package. Due to the size of the original proposal, Jilk thought it be best for the District to be able to better manage costs and the project by breaking it down into construction phases. This would help to determine the level of services desired from MSA and what tasks could be undertaken by District staff. In the end, Jilk said this was a better product and that MSA worked well in the development of the construction phases and costs were managed quite well, as noted above that the engineering cost is approximately 15% of the total project cost.

Commissioner McClure expressed that he appreciates the project moving along at one step at a time and thinks it has worked out well. The change orders have been managed effectively and are quite low – which is a great indication of both MSA and the District staff working together efficiently. Jilk added that the District does not anticipate any further amendments for Task Order 19 or additional fees.

Fiscal Impact: The additional construction support and project close-out services to be provided under Amendment No. 5 by MSA increases the engineering services budget for Task Order 19 by \$89,542. This amount is within the budget for the Water Plant 2 project (CIP RW-1) approved as part of the 2014 Annual Budget for the District.

ACTION: Commissioner Kenner motioned to approve Amendment No. 5 to Task Order No. 19 with Murray Smith & Associates for a cost not to exceed amount of \$89,542 and authorize the District's General Manager to execute the Amendment with MSA. Commissioner Murphy second the motion. Motion passed unanimously.

◆ **Approval of Purchase of New Pickup Truck for Water Utility**

Note: This agenda item was deferred from last week's Commission Meeting pending additional pricing information from the State Purchasing Contract on vehicle options.

Background: As part of a scheduled vehicle replacement/upgrade plan, staff identified the need to purchase a new pick-up truck for water system operations in 2014. The water utility vehicle is a capital purchase item included in the District's 2014 budget under CIP RW-14 and will be replacing a 2001 Dodge Ram Three-Quarter (3/4) Ton Pickup, purchased used and now has 170,100 miles on it. The Dodge Ram truck was declared surplus in June 2011 but the District kept it in use until a new truck could be purchased within the vehicle replacement/upgrade plan.

The District, under contract with the State of Washington Department of Enterprise Services, may purchase vehicles available for sale by dealers throughout the State. The dealers and vehicles have been awarded contracts with the State through competitive bids in response to State Request for Bid solicitations. In this manner, the District can secure items at a competitive price, using the State's competitive bid process in lieu of the District issuing its own bid solicitation.

If approved, the vehicle to be purchased is a 2014 Ford F-250, three-quarter ton, Extended Cab Pick-up with 4-Wheel Drive. It is available through the Legacy Ford dealership in Pasco, Washington. Legacy Ford was awarded a State contract under the State's solicitation for competitive bids.

Purchase of the new pick-up is included in the District's 2014 budget under CIP RW-14.

ACTION: Commissioner Murphy motioned to approve the purchase of the water utility vehicle from Legacy Ford in Pasco, Washington for the price of \$33,385.81, and authorize the District's General Manager to proceed with the purchase. Commissioner Kenner second the motion. Motion passed unanimously.

◆ **Manager's Report**

Small Water Systems Workshop

Commissioner Murphy and Jilk will be attending a workshop presented by the WPUDA and Department of Health on Wednesday, March 5 at Skagit PUD. The workshop will include big-picture exploration of the challenges small water districts face along with a broad overview of the kind of resources available, from the Department of Health to PUDs to help address those challenges. There will also be panel interviews for question/answer sessions and presentations.

WRIA1 Draft Work Plan

The draft work plan was discussed at the WRIA1 Planning Unit meeting last week. Jilk said although there was not a consensus of approval for the plan; consent to publish the draft plan on the WRIA1's website with the hope of gathering more input was established. The draft is a collaboration of plans submitted by both Skip Richards (Non-Government Water Associations' caucus) and Roger Brown (Water Districts' caucus). Clare Fogelson (City of Bellingham) assisted in formulating the two plans into one draft report. Next week, Perry Eskridge (Realtors' caucus) will present a request to the Whatcom County Council for funding in the amount of \$20,000 to support ongoing work of the watershed planning process. Jilk plans to attend the Council work session meeting.

◆ **Recess**

Sitkin requested a five minute recess at 8:15 a.m.

◆ **Adjourn**

There being no further business for the regular meeting, the Commission adjourned the regular meeting at 8:20 a.m.



President/Commissioner



Secretary/Commissioner



Commissioner