

UTILITIES SERVICE BOARD MEETING

March 28, 2011

Utilities Service Board meetings are recorded electronically or stenographically and are available during regular business hours in the office of the Director of Utilities.

Board Vice President Roberts called the regular meeting of the Utilities Service Board to order at 5:02 p.m. The meeting was held in the Utilities Service Board room at the City of Bloomington Utilities Department Administrative Building in Bloomington, Indiana.

Board members present: Julie Roberts, John Whitehart, Pedro Roman, Jeff Ehman, Jason Banach and ex-officio member Tim Mayer. Staff members present: Patrick Murphy, John Langley, Michael Horstman, Tom Axsom, Mike Bengtson, Jane Fleig, Mike Hicks, Jon Callahan, and Phil Peden. Others present: Sue Mayer

MINUTES

Board member Ehman moved and Board member Roman seconded the motion to approve the minutes of the March 28th meeting with a correction to the amount for the ATC contract. (\$4,142.00 instead of \$41,042.00) Motion carried, 5 ayes, 2 members absent, (Frank and Swafford).

CLAIMS

Board member Roman moved and Board member Ehman seconded the motion to approve the claims as follows:

Vendor invoices submitted to the controller's Office on March 23, 2011 included \$237,700.29 from the Water Utility; \$160,824.73 from the Wastewater Utility; and \$3,169.84 from the Wastewater/Storm water Utility. Total Claims approved, \$401,694.86.

Motion carried, 5 ayes, 2 members absent, (Frank and Swafford).

Wire transfers and fees for the month of January, 2011:

Board member Roman moved and Board member Ehman seconded the motion to approve the wire transfers and fees for the month of January in the amount of \$48,014.31.

Motion carried, 5 Ayes, 2 members absent, (Frank and Swafford).

CHANGE ORDER NUMBER ONE TO THE CONTRACT WITH CITY INFRASTRUCTURE SYSTEMS:

Capital projects manager Hicks said this Change Order has two parts. The first is for the media under drain removal and disposal. The contractors were asked to give a price on media under drain removal and disposal for filters three and four. The base bid for this project was only for filters one and two. The bidders were also asked to give alternate bid prices for the other two filters. City Infrastructure Systems gave a price of \$125,000 for each filter which the staff felt was a very good price. Utilities' crews, prior to bidding this project, had demolished the under drains for filters one and two, during their off time. Someone else will have to demolish filters three and four. Although having Utilities' crews do the work was very cost effective, at this time

the crews are very busy doing replacement projects and keeping up with the City, the County, and the State Highway Department. The price City Infrastructure Systems gave of \$47,300 is for the under drain removal and disposal of the material.

Item number two is for the additional cost of concrete repair. The base bid of the contractor included 25 square feet of concrete repairs in basins one and two. In the end there were an additional 93 square feet that needed repairs. The price that was agreed on in the bid was \$250 a square foot for the repairs. That adds \$23,302.50 that is owed to the contractor. That work has been completed.

The total of the two items is \$70,652.50 which is added to the initial contract price of \$488,150 bringing the total current contract price to \$558,802.50.

Mr. Hicks explained that when the under drains for filters one and two were removed by Utilities' crews it was found to be very intensive work. There were four men working with 90 lb. jack hammers and others with smaller chisels. In the course of that work damage was done to the concrete that was not acceptable to the manufacturer of the under drains that are being installed. There is a very sharp edge at the bottom, which needs to be square, which was broken in places. For filters three and four the contractor will be responsible for the concrete repair if there is any damage. Utilities will have no extra expense for concrete damage from this point forward, with the possible exception of some wall patching. Once the media is removed it will be possible to inspect for that. The drains are mortared and bonded with concrete so it is inevitable that some of the concrete will be lifted out and the edge will be broken.

Board member Banach asked if it hadn't been known that filters three and four also needed to be rehabilitated as a part of the project. Mr. Hicks said this project is being paid for with SRF funds. There is \$668,533 available in the fund. At the time of the bid the engineers estimate showed that to be enough money for only filters one and two, but some alternate items were included just in case. The prices on the base bids and the alternate bids were very good. Utilities' staff chose to do the media and under drains in three and four but they did not include the removal of the media and the demolition of the drains.

Mr. Banach asked if the engineer's estimate had been \$668,533. Mr. Hicks said, at the beginning they went to SRF and asked to re-purpose an SRF loan that was initially for the collection system rehabilitation which is a part of the Wet Weather Program. The filter project came up as an emergency and is a waste water project. SRF agreed to re-purpose the balance of the loan. The engineer's estimates were less than the fund. Mr. Banach said what he is asking about is the disparity between the engineer's estimate and the actual amount. This change order will cost \$488,000. He wanted to know just what the engineer's estimate was. Utilities Director Murphy said he thought the original bid came in at \$218,000 for filters one and two. It was a very low bid in a very competitive environment. Mr. Banach asked how it ended up being \$488,000. Mr. Murphy said alternative bids had been done on the side in case the main bid came in low. Since the bids came in so low there was surplus money in the fund that made it possible to do filters three and four. Mr. Hicks said the base bid price that City Infrastructures had offered for the project was \$238,150. The alternate bid pricing was \$125,000 per filter, which did not include the demolition. The work for filters three and four added to the original \$238,150 totals \$488,150.

Mr. Banach said he is trying to compare the engineer's estimates to the actual cost. He was curious about the disparity in pricing. Mr. Hicks said when this project was originally brought to the USB for approval all of this information was discussed. He didn't have all the information with him but would be happy to go over it with Mr. Banach at some later time.

Assistant Director of Engineering Bengtson asked if Mr. Banach had been noticing a significant disparity between engineer's estimates and bid prices. Mr. Banach said he had been noticing that and not just at Utilities, but in general. He said he is starting to question the value of the estimates. Mr. Bengtson said in this climate it has been all over the board. Mr. Banach said over the past year there has been much more variance than he had ever seen before.

Board member Roberts asked why there is such a disparity at this point in time. Mr. Bengtson said there had even been rumors that some contractors are bidding jobs at cost just to get the work because they are trying to hold on to their good personnel instead of laying those people off. Ms. Roberts asked if the disparity that is being discussed is because prices are so much lower than expected. Mr. Bengtson agreed. He said three or four years ago the estimates were quite close to the bids offered. He said there were two bids on this project that were much higher. Mr. Banach asked what the difference between the bids was. Mr. Bengtson said he didn't have that information with him.

Utilities Director Murphy said the staff is happy things turned out this way. He pointed out that City Infrastructures is a local company. The principals had, at one time, worked with a much larger company. They are now trying to build their business base, which is predicated on doing good quality of work for customers that are large utilities. This will allow them to build their reference base. It has worked to Utilities advantage.

Ex-officio board member Mayer said he had the same conversation with a local electrical contractor. They said there are people from further and further away coming to bid on projects. It is just a very tough environment.

Board member Roman moved and board member Banach seconded the motion to approve change order number one to the contract with City Infrastructure Systems. Motion carried, 5 ayes, 2 members absent, (Frank and Swafford).

OLD BUSINESS:

No old business was presented.

NEW BUSINESS:

Utilities Director Murphy said he would be scheduling a meeting of the Administrative Subcommittee sometime in the near future.

SUBCOMMITTEE REPORTS:

There were no subcommittee meetings.

STAFF REPORTS:

Utilities Director Murphy said there had not been any main breaks during the previous week. T&D crews have been doing storm water work on N. Rogers St. When they finish there they will be moving to S. Park Ave.

PETITIONS AND COMMUNICATIONS:

There were no petitions or communications.

ADJOURNMENT:

The meeting was adjourned at 5:19 p.m.

L. Thomas Swafford, President