

UTILITIES SERVICE BOARD MEETING

March 25, 2013

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 5:00 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, Pedro Roman, Sam Frank, John Whitehart, Jeff Ehman, Jason Banach, and Ex-Officio Tim Mayer. Staff members present: Patrick Murphy, Michael Horstman, John Langley, Michael Hicks, Mike Bengston, Tom Axsom, Phil Peden, and Jon Callahan. Others present: Sue Mayer.

At the request of the Assistant Director of Finance Horstman, Vice President Roberts moved the order of business. Agenda Item III, Approval of the Claims, will move to order after Agenda Items IV, V, and VI.

MINUTES

Board member Ehman moved and Board member Roman seconded the motion to approve the minutes of the February 25th meeting, with one noted correction on Page 3. Paragraph 3 should state "...Utilities will see increased fuel mileage and decreased maintenance costs".

Motion carried, 6 ayes, 1 member absent (Swafford).

Board member Ehman moved and Board member Roman seconded the motion to approve the minutes of the March 7th meeting.

Motion carried, 6 ayes, 1 member absent (Swafford).

APPROVAL OF AMENDMENT TO SOUTHEAST WATER SYSTEM IMPROVEMENTS, SECTION II

Director Murphy introduced this item before turning it over to Mike Hicks, Capital Projects Manager. This is part of an all-encompassing project involving the water plant, water tank, and the water line. We're moving ahead at a very rapid rate. In front of the Board is a change order to the contract with Howell, as there remain 2,200 feet of pipeline and 1,800 feet need to be moved into the roadway. We have put down into the ground approximately 38,000 linear feet through many different terrains and issues. Given the magnitude of the project, we've been pretty successful with it. It has had its ups and downs, as with any project of such scale, a \$42 million capital improvement projects. All in all, we have been diligent in management of the contractors and making sure this project is as least intrusive as possible on the public, although that is not the easiest thing to do when working on two-lane county roads. The staff has provided to you a handout outlining the history of this project, starting with the contractor's proposal and ending with where we are now. Throughout this process of working on this change order, Mr. Murphy has involved Board President Swafford to assist in discussions with the contractor and the engineering staff. Mr. Swafford has experience managing large capital projects

and could also represent the Board's philosophy on contract amendments. The initial cost amendments from the contractor were not satisfactory and Utilities wanted them to more accurately reflect the true value of the work.

We're in the home stretch and this is the most complicated part, given the traffic control issues (moving into the road) and some of the requirements Monroe County is asking us to undertake. Hopefully, we can move forward. Mr. Murphy asks for the Board's understanding and is happy to answer any questions.

Mr. Hicks presented in more detail a map showing the area in question and reviewed the three components to the amendment in front of the Board.

Item #1 – We have put in several thousand linear feet of pipeline, about seven miles to date, from Moore's Pike near College Mall Road, and installed pipeline southward towards the plant. There was also a crew working at the water's edge at our intake facility, and laid pipe in a northerly direction. We have now a gap. Back in early December, it came to our attention that there was a conflict with our designed location of the new 36" diameter pipe with the existing pipeline. As we encountered the pipeline on Moffett Lane, it was nearly exact to where our topographic survey indicated it was, but we have come to a section where we have a conflict with our existing pipeline. You'll note we are on a ridge top and there is no place to go other than where we have proposed it, in the roadway. We were previously in the dirt along the west edge of the road. Here at Shields' Ridge Road near Ramp Creek is where we've laid the pipeline to from the north. In this segment is where we've redesigned and relocated the pipeline. The area of conflict is about 1,800 feet. We have decided to stay in the road because otherwise we'd be crossing our existing 36" pipe two more times, a risky excavation activity.

That cost is an additional \$234,048.67 to the contract. A component of that is due to the requirements of the Monroe County Highway Department, who had asked us to revise the permit to excavate in county right-of-way and has asked for a full overlay of the road. We will actually take out seven feet of pavement on the west edge, but construction traffic could damage existing surface that is left to thirteen feet. Additionally, Shields Ridge is a dead end, and we have to maintain one lane for two-way travel around the clock. After work hours, traffic signals will need to be installed. The associated costs are included in this amendment. The contractor will most likely work four long work days, with Fridays off. The road will be open to two-way traffic when possible.

Item #2 – This is a change in the number of zinc anodes required for the project. Each bidder included 25 zinc anodes in their bid price. During design, this seemed like a reasonable number. Our engineers determined that the only place where sacrificial cathodic protections of zinc anodes is needed is where we cross the gas main that is three inches or larger, and made of steel or iron. Those are the gas pipes which Vectren and others introduce electrical current into, for the protection of their pipeline, and it turned out that we only had one of those instances. Of the twenty-five estimated, we only had to install one, and so we can do this reconciliation along with the other change order items. In the 2,200 feet remaining, there are no gas lines left to cross. This will result in a credit back to us in the amount of \$39,095.24.

Item #3 – In regards to rock excavation, we had asked bidders to price the removal of 5,000 cubic yards of rock. The contractor has exceeded this amount, and we are now at over 6,800 cubic yards removed and need to pay the contractor for the amount removed over 5,000 yards. In this case, Howell Contractors had put in a price of \$30/cubic yard, a good deal for rock excavation. Please note, there will be a final change order to reconcile all allowances and amounts, and there will be more rock to remove.

Mr. Hicks shared a handout showing the iterations of the project that have led up to this amendment. On December 15th, contractor delivered first proposal for this change, \$447,000. Through four revisions, working with our engineers, staff, and Mr. Swafford, we have reduced that amount to \$234,000. We have agreed to give the contractor fifteen additional days to perform the work because of the delay. That will make the new completion date April 18th, 2013. This is as far as we can push this out without affecting our other contracts. The water plant expansion project is going to wrap up and we need this pipe in place in order to get water to the new booster station on Harrell Road, which is coming up right along.

Board Member Roman asked if Mr. Hicks was satisfied with the engineering solution proposed and Mr. Hicks responded positively.

Board Member Banach thanked Mr. Murphy and Mr. Hicks for taking the time to communicate with him regarding this amendment and stated that he is comfortable with it as proposed.

Board Member Frank reported from the Finance Subcommittee, which met on March 18th to review this amendment, and agreed to send forward to the full Board the recommendation of approval. At that meeting, the subcommittee commended Mr. Hicks, Mr. Murphy, and Mr. Swafford for working on a solution, not an easy task. For Black and Veatch to get involved in being part of the solution and accept responsibility for their mistake from decades ago is also a good sign that everyone is working together and everyone deserves some credit for their work. Mr. Swafford's involvement and representation of the Board was important and much appreciated.

Mr. Ehman asked that if Utilities had known about the correct location of the existing main prior to getting estimates, would the total project have been increased by a similar amount initially. Mr. Hicks agreed with that statement, as each bidder would have included the estimate for placing pipeline in the roadway, a much greater expense than in dirt. While it's often not the best price captured when amending, the contractor was motivated to finish the project and the price is comparable to what it might have been if included in original bid.

Mr. Murphy added that all parties were made aware that this Board would not acquiesce to anything above the final figure at best. Mr. Murphy recognized Mr. Hicks for the difficult position he is often placed in and yet he has done an exceptional job in his vigilance on this project.

Mr. Banach inquired about contingency amount when we bid projects. In the grand scheme, this amount being discussed is a fraction of a percent of the overall project. Mr. Hicks explained that each section of our capital projects contain different contingencies. On this pipeline job we had a \$100,000 contingency. We have used about ¾ of that as small things have arisen. Mr. Banach expressed his appreciation of how tightly this project was estimated. Mr. Murphy added that overall there is a million dollar contingency, and he hopes to finish well under that.

Board member Ehman moved and Board member Roman seconded the motion to approve the Amendment to Southeast Water System Improvements, Section II.

Motion carried, 6 ayes, 1 member absent (Swafford).

APPROVAL OF AMENDMENT B TO ENGINEERING SERVICES AGREEMENT FOR CITY OF BLOOMINGTON UTILITIES SOUTHEAST WATER SYSTEM IMPROVEMENTS

Mr. Ehman requested background information on the amount being amended. Mr. Murphy explained that in discussions with contractors, Utilities, along with Mr. Swafford's input, talked to Black and Veatch who originally laid down the existing pipes about fifty years ago. Black and Veatch expressed that they wanted to be part of the solution, and accepted the proposal put forth by Mr. Swafford and Utilities. They were in error when submitting information originally and all parties felt this was a fair solution.

Mr. Ehman inquired as to what was learned through this process. Mr. Murphy responded that although we hope not to be undertaking such a project again for many years, should an issue arise where pipes were not located where originally thought, we might do more potholing to assure. We know where this pipe will be for the next fifty years, and thanks to the technology that has come along this should not be an issue in the future. Mr. Ehman questioned whether this calls into question other data. Mr. Murphy pointed out our new and very experienced GIS Coordinator to address these types of questions, and will introduce him to the Board in an upcoming meeting.

Board member Roman moved and Board member Ehman seconded the motion to approve Amendment B to the Engineering Services Agreement for City of Bloomington Utilities Southeast Water System Improvements.

Motion carried, 6 ayes, 1 member absent (Swafford).

APPROVAL OF CARDNO ATC PROPOSAL FOR STATISTICAL ANALYSIS OF GROUNDWATER MONITORING DATA COLLECTED BY DILLMAN ROAD WWTP SLUDGE LANDFILL

Deputy Director Langley introduced this item and explained that we are seeking to renew a contract in its fourth iteration with Cardno ATC, formerly ATC. For landfill and groundwater compliance, we are required to sample groundwater from the landfill and report to IDEM twice per year on the quality of water around and downstream of a landfill. This report that Cardno will prepare for us is submitted twice per year. We seek a consultant to assist in this reporting as it requires rather in-depth statistical analysis of a multi-year data set. We have been very happy with Cardno ATC's work, as has been IDEM. Our monitoring history does not indicate any trending towards noncompliance and we are in compliance with current groundwater regulations. The contract's estimated price is \$4,142.00 for the two reports. Last year the actual charges came in at around \$2,900.00, substantially lower than the estimate. The cushion in the contract allows for any unforeseen complications.

Board member Roman moved and Board member Ehman seconded the motion to approve the Cardno ATC Proposal for Statistical Analysis of Groundwater Monitoring Data Collected by Dillman Road WWTF Sludge Landfill.

Motion carried, 6 ayes, 1 member absent (Swafford).

CLAIMS

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

Vendor invoices submitted to the controller's Office on March 28th, 2013 included \$1,244,769.18 from the Water Utility; \$180,586.72 from the Wastewater Utility; and \$25,045.92 from the Wastewater/Storm water Utility. Total Claims approved, \$1,449,401.82.

Motion carried, 6 ayes, 1 member absent (Swafford).

Wire transfers and fees for the month of January, 2013:

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 \$318,536.90.

Motion carried, 6 ayes, 1 member absent, (Swafford).

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

Vendor invoices that will be submitted to the controller's Office on March 25th, 2013 included \$221,327.51 from the Water Utility; \$19,668.00 from the Wastewater Utility; and 0.00 from the Wastewater/Storm water Utility. Total Claims approved, \$240,995.51.

Motion carried, 6 ayes, 1 member absent (Swafford).

OLD BUSINESS:

None

NEW BUSINESS:

None

SUBCOMMITTEE REPORTS:

None

STAFF REPORTS:

Mr. Murphy reported that as weather improves, construction projects will move forward, especially the Lake Griffy Dam Repair Project. It's grant-funded and must be completed by December, but staff feels comfortable that we'll be on target with that.

PETITIONS AND COMMUNICATIONS:

None

ADJOURNMENT:

The meeting was adjourned at 5:36 p.m.

Julie Roberts, Vice President