

# **Gallatin Gateway County Water & Sewer District**

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## **PUBLIC MEETING**

**Date: JULY 20, 2016**

**Time: 6:30PM**

**Place: Gallatin Gateway School, 100 Mill St., Gallatin Gateway, MT**

**For: Special Meeting of the Board of Directors**

## **AGENDA**

### **I. Public Participation on Non-Agenda Items<sup>1</sup>**

### **II. General Orders**

- A. Discussion and Decision on Engineering Amendment 8
- B. Discussion and Decision on Revised Project Budget

### **III. Adjourn**

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<sup>1</sup> The opportunity for members of the public to comment on District matters which are not on the agenda. Time limits may be imposed at the discretion of the President.

# **Gallatin Gateway County Water & Sewer District**

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## MINUTES OF THE

### **BOARD OF DIRECTORS**

A special meeting of the Board of Directors of the Gallatin Gateway County Water & Sewer District was held at Big Timberworks conference room, 1 Rabel Lane, Gallatin Gateway, MT, on July 20, 2016. The meeting location was changed from the Gallatin Gateway School, as the school was locked. A note advising the venue was changed to Big Timberworks was posted on the front door of the school. Present at the meeting were board members Merle Adams, Eric Amend, Ted Border, and David Sullivan. General Manager Matt Donnelly and Secretary Maralee Parsons Sullivan were also present. Greg Benjamin from Stahly Engineering was present. There were no members of the public present.

President Border called the meeting to order at 6:38 p.m. Secretary Maralee Parsons Sullivan recorded the minutes of the meeting.

#### PUBLIC PARTICIPATION OF NON-AGENDA ITEMS

President Border asked for public comment on non-agenda items. There were no non-agenda items raised.

#### GENERAL ORDERS

##### Discussion and Decision on Engineering Amendment 8

Amendment 8 adds task 8.08 "Design Force Main on east side of HWY 191". GM Matt Donnelly kicked off the discussion by reporting on his meeting the previous Friday with Kurt Thomson and Greg Benjamin at Stahly Engineering. Following the meeting, Mr. Donnelly's staff recommendation is that the Board approves amendment #8. He had asked Stahly to include all engineering tasks in this amendment that will complete the project, with the understanding that contingencies, if they arise, are included in the project budget. He stated that he feels Stahly deserves to complete every aspect of engineering to project completion, and noted that Stahly has chosen to not escalate their rates from the 2011 rates. Greg Benjamin then commented that Stahly wants a successful project and suggested it is important for the Board to put their frustrations and concerns on the table for discussion. He stated Stahly is focused on and committed to completing a successful project.

President Border acknowledged Stahly's history as a team player on the project, and then opened the discussion for Board comments. Director Adams asked how the amendment would be paid for. GM Donnelly replied that the new engineering opinion of probable cost (OPC) for an east-side alignment does include some substantial cost savings over the previous west-side alignment (such as not having to bore and drill), so the new OPC is only \$10K higher than the previous OPC. He stated that the project budget is still intact and very much affordable. Director Adams asked why the cost of amendment 8 is less than half of amendment 7, to which Greg Benjamin replied that there is some value captured

in work already done in the previous design that may still be used, but stated he would need to talk to his team for details on costs. Director Adams then stated he heard on several occasions GM Donnelly urge Kurt Thomson to submit a preliminary design to MDT as soon as possible, and stated that he finds it incredible that Stahly completed and submitted a design with only verbal approval from MDT on a west-side alignment, and stated that Stahly should have understood and documented the MDT process for the District. GM Donnelly acknowledged that he was more concerned with obtaining MDT's approval than that of DEQ, and did ask Kurt several times between November 2015 and May 2016 to get paperwork to MDT, showing the intended west-side route, in order to obtain feedback as quickly as possible. Greg Benjamin said he would dig into that delay, but also stated that his industry is hesitant to submit "work in progress" to MDT, as they tend to "nitpick" the submission, and the submission needs to be ready to go to stand up to their scrutiny. He stated he shares the frustration with the process, and noted that public projects cost more and are "messier" than private projects, and noted that government entities are bureaucratic, with a lot less at stake when it comes to the speed at which they make decisions, and their capacity or willingness to put their comments on paper. Mr. Benjamin stated he insists on transparency on rates, and his company will be reasonable on rates as much as they can afford to be reasonable, and when there is a change in the project requiring more engineering work, Stahly will need to charge more. GM Donnelly said he feels an engineer should be less concerned about having a sub-par document being redlined by MDT, than with getting feedback on the appropriateness of the intended route sooner rather than later. Mr. Benjamin noted that MDT will spend at least 60 days to review each submission. Director Amend asked what Stahly would be doing different to ensure that MDT approves the new east-side alignment routing. Both Mr. Benjamin and Mr. Donnelly commented that there is a new local MDT representative, with whom Kurt will be talking regularly. Mr. Donnelly also forwarded to the Board an email from Jean Riley at MDT, which states that MDT will allow a longitudinal encroachment on the east side of US 191 as close to the edge of right-of-way as practicable. Mr. Benjamin stated the documentation on the next steps need to be non-verbal and must be in writing, and will also work to establish a good working relationships with the MDT personnel.

Director Sullivan made a motion to approve amendment 8. Following some discussion on the wording in amendment 8, Mr. Benjamin stated that Stahly will design and submit the permit application, but cannot guarantee the outcome of any permit application. He stated that if a permit process and requirements were followed, they would charge the customer again. If an error or omission occurred, and the permit was denied because of that, Stahly would be forced to deliver on the service offered, and does have insurance for errors and omissions.

Director Sullivan withdrew his motion to approve amendment 8 from the table. Director Sullivan then made a new motion to approve amendment 8, with the following changes:

1. In task 8.08: Insert *and submit permit application* after the word *design*.

2. In 2.c. (2): Strike words *not included* and replace with *waived*.
3. Strike effective date of *November 2, 2015* and replace with *July 20, 2016*.

Director Amend seconded the motion. There was no further discussion. The motion passed 4-0.

Discussion and Decision on Revised Project Budget

GM Donnelly reviewed the updated engineer's Opinion of Probable Cost (OPC), which is cast into the Project Budget (used by agencies). The previously approved Project Budget was dated May 2016 and the current Project Budget up for review and approval is dated July 19, 2016. GM Donnelly also prepared and reviewed a detailed comparison of costs between the PER amendment OPC, and the updated July 2016 OPC, which helps illustrate that the OPC of the end-to-end system has actually gone down since the PER amendment, from \$3,358,210 to \$3,309,206 (including 4Corners connection fee). Reviewing the July 19, 2016 Project Budget, Mr. Donnelly pointed out that the only number which has changed from the May 2016 Project Budget is the RD Loan2, which has increased from \$378K to \$388K. Since the RD loans are at a lower interest rate, the District is able to borrow more money. GM Donnelly recommended approval of the July 19, 2016 Project Budget. Board discussion included questions on contingency (9% of construction costs) and escalation (required by agencies), which is Kurt's costs multiplied by 3.1%. Director Sullivan made a motion to approve Project Budget dated July 19, 2016. Director Adams seconded the motion. There was no further Board discussion. The motion passed 4-0.

President Border then asked for unanimous consent to adjourn. Seeing no objection, the meeting was adjourned at 8:10 p.m.



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Secretary