

GREEN BAY METROPOLITAN SEWERAGE DISTRICT
PROCEEDINGS OF THE COMMISSION

Regular meeting of the Commission held June 24, 2015.

PRESENT: Commissioners Hasselblad, Mainz, Tumpach, and Hoffmann

EXCUSED: Commissioner Blumreich

ALSO PRESENT: T. Sigmund, P. Kaster, P. Wescott, N. Qualls, B. Hafs, B. Angoli, B. Bartel, T. Brown, L. Sarau, S. Vickman, T. Garrison, J. Smudde, R. Krause, J. Nicks–Legal Counsel

Commission President Hasselblad called the meeting to order at 8:30 a.m.

1) Safety moment.

T. Sigmund stated this month's safety moment is on tick-borne diseases. He stated the tick population is very high this year so wearing long sleeve shirts, pants, and spraying with tick repellent will help protect against ticks. Ticks can carry diseases, so be careful when enjoying the outdoors. Commissioner Tumpach stated the tick population is ten times higher than previous years. Commissioner Hasselblad stated there have been a lot of cases of tick bites, even within the city limits.

The Commission moved agenda item 6 up so that the employee does not have to wait until after closed session.

6) Introduce Steven Vickman, new E & I Technician.

P. Wescott introduced Steven Vickman, the new E & I Technician.

S. Vickman introduced himself and shared his work history, including his previous ten years of E & I experience. He is married, has two children, and enjoys being outdoors. He is looking forward to working regular business hours versus swing shift.

The Commission congratulated and welcomed him to the organization.

2) Convene in closed session under State Statute 19.85 (1) (g) for the purpose of conferring with legal counsel for the Commission who is rendering oral or written advice concerning strategy to be adopted by the Commission with respect to litigation in which it is or is likely to become involved:

a) Negotiations regarding revisions to WPDES Permit

GREEN BAY METROPOLITAN SEWERAGE DISTRICT

6/24/15
Cont'd

PROCEEDINGS OF THE COMMISSION

Motion #15-032

It was moved by Mainz, seconded by Tumpach, and unanimously agreed to convene in closed session under State Statute 19.85 (1) (g) for the purpose of conferring with legal counsel for the Commission who is rendering oral or written advice concerning strategy to be adopted by the Commission with respect to litigation in which it is or is likely to become involved.

3) Reconvene in open session.

Motion #15-033

It was moved by Mainz, seconded by Tumpach, and unanimously agreed to reconvene in open session.

4) Approval of minutes of Commission meetings held May 27, June 3 and 11, 2015.

Motion #15-034

It was moved by Hoffmann, seconded by Tumpach, and unanimously agreed to approve the May 27, June 3 and 11, 2015 minutes as distributed.

5) May financials.

P. Kaster reported total operating revenues for the month of May were unfavorable to budget by 2% or (\$69,000). He stated year to date total operating revenues were unfavorable to budget by (\$95,000) or 1%. He reported total operating expenses for the month of May were unfavorable to budget by (\$260,000) or 16% due to more expenditures than budgeted. Year to date total operating expenses were favorable to budget by \$493,000 or 6%. He stated net income for the month of May was \$23,000.

Commissioner Hasselblad asked if the three vacant positions will be filled. T. Sigmund replied yes. T. Brown stated the three positions referenced have since been filled; however, other positions have since been vacated. Commissioner Hasselblad asked if those positions will be filled. T. Brown replied yes.

Commissioner Hoffmann asked why contracted services increased for the month of May. P. Kaster indicated it was due to outstanding invoices from the Brown County Household Hazardous Waste Facility for \$104,000 and the Department of Natural Resources (DNR) for environmental fees for \$142,000. T. Sigmund added that both items were budgeted for early 2015, but were received later in the year.

GREEN BAY METROPOLITAN SEWERAGE DISTRICT

6/24/15
Cont'd

PROCEEDINGS OF THE COMMISSION

7) Request Commission approval to award the 2015 Interceptor Sewer Cleaning, Televising & Sealing Project to Visu-Sewer, Inc.

B. Angoli stated this project is part of an ongoing five-year cleaning, televising & sealing inspection program of NEW Water's, the brand of the Green Bay Metropolitan Sewerage District, interceptor sewers. This data is compared to the previous data to determine deterioration and condition assessment of the sewers. He stated the bids came in over the estimated budget amount, so a section of the sewer system in Dutchman Creek was eliminated from the scope of work to remain within budget. T. Sigmund stated that televising of the section of interceptors in Dutchman Creek will be rescheduled.

Commissioner Hasselblad asked if delaying the televising of that section of sewers would heighten the risk for possible damage. B. Angoli replied no. He stated the sewer is undersized and will need to be replaced in the future.

Commissioner Mainz questioned the difference in cost per square foot between the two bids. T. Sigmund replied the two contractors go back and forth between which company bids on what project and for how much. B. Angoli stated that it also depends on how many projects each company has going as well as other projects that are available in the community.

Commissioner Hasselblad asked if NEW Water has used the proposed contractor before. B. Angoli replied yes.

Commissioner Mainz asked if the bid amount is fair. B. Angoli replied yes. N. Qualls stated this contract is renewed each year and usually falls under the cost threshold of the Executive Director's approval authority.

Motion #15-035

It was moved by Hoffmann, seconded by Mainz, and unanimously agreed to award the 2015 Interceptor Sewer Cleaning, Televising and Sealing Project to Visu-Sewer, Inc. in the amount of \$109,849.22.

8) Request Commission approval of a Resolution Declaring Official Intent to Reimburse Expenditures from Proceeds of Borrowing for the Green Bay Facility Disinfection System Upgrades Project #14-040.

L. Sarau requested Commission approval of a Resolution Declaring Official Intent to Reimburse Expenditures from Proceeds of Borrowing for the Green Bay Facility Disinfection System Upgrades Project #14-040, which consists of in-kind replacement of the existing chlorination and dechlorination feed systems.

GREEN BAY METROPOLITAN SEWERAGE DISTRICT

6/24/15
Cont'd

PROCEEDINGS OF THE COMMISSION

Commissioner Mainz asked why a resolution is needed before approval of the project. T. Sigmund replied the resolution is required prior to the loan application so it can be included as part of the Clean Water Fund loan request. J. Nicks confirmed the requirement. Commissioner Mainz asked about financing without a resolution. T. Sigmund replied that without a resolution, payment would be made through NEW Water funds.

Motion #15-036

It was moved by Mainz, seconded by Tumpach, and unanimously agreed to approve the Resolution Declaring Official Intent to Reimburse Expenditures from Proceeds of Borrowing for the Green Bay Facility Disinfection System Upgrades Project #14-040 in the amount of \$3,000,000. (Resolution #15-002 is on file at the NEW Water offices)

- 9) **Request Commission approval to enter into an agreement with Strand Associates, Inc. to provide construction related services for the Green Bay Facility Disinfection System Upgrades Project #14-040-CS.**

L. Sarau reported that Strand Associates, Inc. was selected for the design work that has been completed. She requested Commission approval to award Strand Associates, Inc. the construction related services for the Green Bay Facility Disinfection System Upgrades Project #14-040.

Commissioner Mainz asked what the cost estimate was for the disinfection project. L. Sarau replied the cost estimate for the disinfection project was \$2,200,000.

Commissioner Hasselblad stated that since the last few engineers' estimates have been low, would it be possible for the Commission to receive a bid tabulation before the next Commission meeting. T. Sigmund replied yes.

Motion #15-037

It was moved by Mainz, seconded by Hoffmann, and unanimously agreed to enter into an agreement with Strand Associates, Inc. to provide construction related services for the Green Bay Facility Disinfection System Upgrades Project #14-040-CS in the amount of \$186,006 and a 10% contingency of \$18,600 under the authority of the Executive Director for a total amount of \$204,606.

- 10) **Request Commission approval of a Resolution Declaring Official Intent to Reimburse Expenditures from Proceeds of Borrowing for the Resource Recovery and Electrical Energy Project #08-503.**

GREEN BAY METROPOLITAN SEWERAGE DISTRICT

6/24/15
Cont'd

PROCEEDINGS OF THE COMMISSION

B. Angoli requested Commission approval of the resolution increasing the amount to \$175,000,000 for the Resource Recovery and Electrical Energy (R2E2) Project. He stated the previous resolution amount was \$150,000,000 and was approved by the Commission in September 2014. The R2E2 Project will consist of the construction of the new solids facility, including: two anaerobic digesters for digestion of primary and waste activated sludges and production of biogas; receiving facility for high strength waste to increase biogas production in digesters; electricity produced from two new biogas generators with heat recovery for digester heating and plant heat; centrifuge dewatering of digested sludge before sludge drying, and incineration of the sludge; a nutrient recovery system to remove and capture phosphorus from the waste activated sludge and digested sludge to assist in meeting new and future phosphorus regulations; and screening of septage and other hauled wastes from the septage receiving site.

Commissioner Hasselblad asked if this resolution is approved, would it supersede the previous resolution approved for \$150,000,000 or would the language need to be added to the motion. T. Sigmund replied it does not mention it in the motion, but it could be added. Commissioner Hasselblad stated that she would like it added.

J. Nicks stated that a Commissioner should probably make a motion to amend.

Motion #15-038

It was moved by Mainz, seconded by Hoffmann, and unanimously agreed to amend the following motion to add the language that this resolution will supersede the previously approved resolution.

Motion #15-039

It was moved by Mainz, seconded by Hoffmann, and unanimously agreed to approve the Resolution Declaring Official Intent to Reimburse Expenditures from Proceeds of Borrowing for the Resource Recovery and Electrical Energy Project #08-503 in the amount of \$175,000,000. (Resolution #15-003 is on file at the NEW Water offices.)

11) Request Commission approval to award the Resource Recovery and Electrical Energy Project Contract 34 Digestion and Solids Facility to C.D. Smith Construction Inc.

B. Angoli reported design of the R2E2 Project began in 2012, and the project was divided into four contracts. The first contract was award of the Fluid Bed Incineration System, which was completed in December 2013. The second contract was award of Contract 33 Primary Switchgear and Utility Relocation, which was completed in March 2014. Staff is requesting to begin Contract 34 Digestion and Solids Facility, which is the third and largest contract of the R2E2 Project. He stated that on June 3, 2015, NEW Water received bids from three prequalified general contractors for Contract 34 Digestion and Solids Facility.

GREEN BAY METROPOLITAN SEWERAGE DISTRICT

6/24/15
Cont'd

PROCEEDINGS OF THE COMMISSION

B. Angoli reported the lowest bid received was from C.D. Smith Construction Inc. with a lump sum base bid amount of \$130,900,000. He stated Miron Construction Inc. provided the second lowest bid of \$133,722,633, and the highest bid received was from The Boldt Company in the amount of \$146,900,000. He stated all three general contractors had the same subcontractors for mechanical and electrical contracting. The engineer's estimate was \$121,950,000. Following the bid opening, a representative from C.D. Smith Construction identified a discrepancy between the printed and written text in the bid. C.D. Smith Construction provided a letter confirming the discrepancy and the bidder's intent. NEW Water staff and the engineer reviewed and determined the summation of the numbers was correct, but the written words were incorrect. The bid documents were sent to legal counsel for review. He stated by law the written amount is not required; therefore, it did not warrant disqualification. NEW Water's Commission has the right, if it chooses, to waive the formality that the bid price be stated in both numbers and words and accept the bid from C. D. Smith Construction as intended by the numerical numbers in the bid.

B. Angoli stated The Boldt Company did not provide a bid bond with its bid, but included a letter with the bid stating that due to advice from legal counsel, a bid bond was not provided as it felt there was legal risk of inadequate coverage regarding performance guarantees.

Commissioner Hasselblad asked if NEW Water reviewed these areas and if staff is comfortable with the guarantees provided. B. Angoli replied yes, there are limits to certain performance guarantees and staff had informed The Boldt Company of these guarantees. Commissioner Hasselblad stated in the future staff should provide and discuss the risk assessment with the contractors for further clarification. T. Sigmund stated that staff can follow up with The Boldt Company; however, the contractor had eight weeks to bid the project and it should have received legal counsel advice to avoid the risk of providing an unresponsive bid.

Commissioner Mainz asked about The Boldt Company's experience. T. Sigmund replied The Boldt Company has the least experience with municipal wastewater treatment facilities compared to C.D. Smith Construction and Miron Construction.

B. Angoli stated the engineer's estimate was \$9,000,000 less than the lowest cost bid received. He stated the major differences between the engineer's estimate and the contractors' bids were: the site work bid for piling/earthwork was significantly higher than the engineers; the American iron and steel requirements escalation of mechanical and structural component pricing was underestimated by the engineer; equipment platform grating cost was underestimated by the engineer; the finishes (painting) required through the facilities was not adequately priced by the engineer; the HVAC controls pricing in the bid was higher than anticipated, and this pricing is being reviewed with the contractor; the equipment pricing provided to the engineer by vendors prior to bid was significantly lower than that priced and provided to the contractors at bid time; the electrical/instrumentation and control costs estimated by the engineer were significantly lower than those submitted by the contractors; and the engineer underestimated the complexity of the mechanical demolition, piping and valve work in the existing Thickening Building.

GREEN BAY METROPOLITAN SEWERAGE DISTRICT

6/24/15
Cont'd

PROCEEDINGS OF THE COMMISSION

B. Angoli reported the bids from C.D. Smith Construction and Miron Construction were within 2% of each other, which shows they saw similar construction effort required to perform the work. He stated the cost for this project is indicative of the construction costs to build this project even though it is higher than the engineer's estimate. He stated the bid included four deductive alternatives. Two of the alternatives were aeration basin improvements and a new septage receiving system, which NEW Water could evaluate and potentially use for reducing construction costs. He stated these areas were set out in order of acceptance from comments from the contractors so it was fair and reasonable for all contractors. Staff is requesting to include these alternatives to reduce costs in the future, including higher interest rates, design, and staff's time. He stated it would be a 20% increase in overall costs to the R2E2 Project equating to \$430,000.

Commissioner Mainz asked if the contractors submit their invoices based on their numbers. B. Angoli replied that the numbers are broken down into specific areas including: facility, areas within the facility, labor, and materials. Commissioner Mainz stated due to this type of invoicing, would it be possible to see what the actual costs are versus what the costs were in the contractor's bid. B. Angoli replied yes. T. Sigmund stated the contractor will provide staff with a schedule of values used, and staff will review and approve the pay requests. B. Angoli added this method helps with looking at percentage of work completed and the amount of materials on-site compared to the invoices.

Commissioner Mainz asked if Contract 33 Primary Substation and Utility Relocation will have invoices that match the project cost. T. Sigmund replied yes, it will all get tied back to the contract number. He stated a summary will be provided to the Commission on a monthly basis.

Commissioner Hasselblad asked if the Commission will be provided updates if any changes are made to the numbers. B. Angoli replied yes.

B. Angoli stated staff will work with the contractor on areas where there might be some available cost savings including: HVAC controls, finishes/painting, septage and high strength waste receiving stations, and spare parts needed. T. Sigmund stated there is a spare parts addendum, which staff has targeted as a potential savings area.

Commissioner Tumpach stated when the Commission approved the R2E2 Project, it was the lowest cost alternative. He stated it is no longer the lowest cost plan. T. Sigmund stated this would be true assuming that the other alternatives and their costs, comparatively with composting, did not change. Commissioner Tumpach stated that at this point NEW Water cannot change gears, but this was one of his fears.

T. Sigmund stated some of the escalation costs are due to the change with Fox River Fiber and its decision to pre-treat and the added nutrient recovery facility, which will provide savings on chemical treatment. T. Sigmund stated these items did affect the engineer's estimate.

GREEN BAY METROPOLITAN SEWERAGE DISTRICT

6/24/15
Cont'd

PROCEEDINGS OF THE COMMISSION

Commissioner Hasselblad asked if NEW Water has used CH2M HILL on other projects. B. Angoli replied yes.

Commissioner Hasselblad stated that she has reviewed the letters from CH2M HILL on the disparities of cost, and asked if these costs could decrease. B. Angoli replied that staff is looking at those costs for any possible savings, including the spare parts described previously.

Commissioner Hasselblad asked if CH2M HILL will be doing some of this work for NEW Water. B. Angoli replied yes. CH2M HILL will also contact the suppliers directly to start looking at what NEW Water can and cannot do from a deduction standpoint.

Commissioner Tumpach stated for the record he is not opposing the motion, but he is not happy with it.

Commissioner Mainz asked what would happen if staff would ask the engineer to provide the numbers for the composting alternative. T. Sigmund replied that staff does not have a full design to estimate the difference in cost. The engineer could try to update it, but it would not be an estimate on real design. He stated there is no guarantee that the design for the other alternatives would not have changed as well.

Commissioner Tumpach stated this is all based on speculation and NEW Water needs to find ways to cut costs. T. Sigmund replied once the contract is approved, staff can identify cost savings by removing items from the contract using a deductive change order.

B. Angoli asked the Commission to acknowledge the difference in the written and numerical numbers in C.D. Smith Construction's bid and make it part of the motion. T. Sigmund asked legal counsel if the Commission needs to acknowledge the waiving of formality of the C.D. Smith Construction letter of intent. J. Nicks responded that it would be good practice. T. Sigmund asked if there was already an approved motion, would a revised motion be needed. J. Nicks stated that NEW Water would need to amend the motion to include the specific waiver of the formality.

Commissioner Hasselblad stated there was an amendment to the motion and asked if there is a motion to approve the amendment.

Motion #15-040

It was moved by Hoffmann, seconded by Mainz, and unanimously agreed to waive the formality that the bid price be stated in both numbers and words and accept the bid from C.D. Smith Construction Inc. as intended by the numerical numbers in the bid.

GREEN BAY METROPOLITAN SEWERAGE DISTRICT

6/24/15

Cont'd

PROCEEDINGS OF THE COMMISSION

T. Sigmund stated the 2016 draft budget includes the proposed rate increases and the operation and maintenance expenses for the R2E2 Project. To date the R2E2 rates are roughly 95% of the goal for debt service fund for 2016, which is \$10,200,000. NEW Water will communicate the rates to its customers.

Motion #15-041

It was moved by Hoffmann, seconded by Mainz, and unanimously agreed to award the Resource Recovery and Electrical Energy Project Contract 34 Digestion and Solids Facility to C.D. Smith Construction Inc. in the amount of \$130,900,000 and a 3% contingency of \$3,927,000 under the authority of the Executive Director for a total amount of \$134,827,000.

12) Operation report:

a) Effluent quality for May

P. Wescott reported both facilities were in full compliance with all effluent limits for the month of May. The De Pere Facility set or tied several performance records in the month.

b) Air quality for May

P. Wescott reported the Green Bay Facility was in compliance with all air quality limits for the month of May. He reported there was one "Deviation Notification" submittal to the WDNR in May. He stated there was a loss of air pressure in the plant control air system causing the emergency bypass damper to open for approximately 22 minutes. The Maintenance staff was called in to repair the line.

Commissioner Hasselblad stated the information on deviation notifications is very helpful, and asked staff to add another column to the report if there is ever a WDNR or Environmental Protection Agency action or pending fine. P. Wescott agreed to the request.

13) Executive Director's report:

a) July Commission meeting

The July Commission meeting will be held Wednesday, July 22, beginning at 8:30 a.m. Commissioner Mainz indicated that he will not be available for that meeting.

b) NEW Water receives the NACWA Excellence in Management Gold Recognition Award

NEW Water received the NACWA Excellence in Management Gold Recognition Award. Staff put together the award information, and it is a testament of their hard work. NEW Water also received the Platinum award for 100% permit compliance for the 12th consecutive year for the Green Bay Facility. T. Sigmund will receive both awards at the NACWA meeting in July.

GREEN BAY METROPOLITAN SEWERAGE DISTRICT

6/24/15
Cont'd

PROCEEDINGS OF THE COMMISSION

c) NEW Water quarterly customer update meeting

A customer update meeting was held on June 4, which was well attended. NEW Water provided its customers with updates on a number of items, including Contract 34 and the rate impact it will have. Staff will notify its customers that Contract 34 has been approved.

d) Bring Back the Beach event

An event will be held at Bay Beach Amusement Park on Saturday, June 27, to bring awareness to water quality issues and swimming at Bay Beach lead by a team from Leadership Green Bay, which Tricia Garrison is a participant of. Mayor Schmidt is expected to make an appearance.

e) Possible date change for September Commission meeting

The September 23 Commission meeting has been rescheduled to September 30 at 8:30 a.m. Staff plans to request Commission approval of the Clean Water Fund loan before rate increases take effect on October 1, 2015.

There being no further business to come before the Commission, the meeting adjourned at 9:45 a.m.

GREEN BAY METROPOLITAN SEWERAGE DISTRICT

Secretary