

JOINT POWERS WATER BOARD MINUTES

Regular Meeting of

August 27, 2007

6:00 PM JPWT Plant Board Room

6:00 PM **Call to Order** by Chairperson Ron Klecker

Board Members Present: Joyce Paullin, Jerry Zachman, Joe Hagerty, Gerhardt Kottke, and John Vetsch (6:05)

Board Members Absent: None

Staff Present: Chris Larson, H.R. Green, Kelly Daleiden & Shelly Keyes, Veolia Water NA

Staff Absent: None

MOTION BY PAULLIN, SECOND BY ZACHMAN TO ADOPT THE AGENDA AS PRESENTED. MOTION CARRIED UNANIMOUSLY.

MOTION BY ZACHMAN, SECOND BY PAULLIN TO APPROVE THE MINUTES OF THE JULY 23RD, 2007 REGULAR MEETING. MOTION CARRIED UNANIMOUSLY.

MOTION BY PAULLIN, SECOND BY HAGERTY TO APPROVE THE CONSENT AGENDA AS PRESENTED. MOTION CARRIED UNANIMOUSLY.

In **Unfinished Business**, Board Members reviewed additional documentation provided by EnComm for Change Order #3. Hagerty asked if Item 11 was a duplicate of Item 9. Larson agreed the Items appear to be duplicates, and stated the flashing and weep referenced on each Item are part of the same system, with exact dollar amounts to the penny and no supporting documentation for Item 11 other than a handwritten note. Hagerty also asked about Item 13 regarding fencing changes and Larson stated he believed those charges were accurate.

Hagerty commented that the majority of charges were incurred during winter construction and Larson confirmed that almost one-third of Change Order #3 related back to Department of Health permit delays. Kottke added the contract price should be honored regardless of delays and Larson responded that contract pricing is usually for a specified time period and if job delays change the timing then the pricing changes also.

Vetsch asked how much the contract price was and Larson responded the original contract was for \$1.41 million. Hagerty asked how close dollar-wise the top two bids were once the Change Order was submitted. Larson didn't have the exact figures, but explained there was a \$65k deduct created when EnComm used a different systems integrator for the electronics portion of the bid, so the Change Order hasn't affected the actual contract price by much more the \$10k.

Paullin commented that she noticed about \$47k in costs on the Change Order were winter construction costs and \$30k in various construction changes. Paullin added she'd like clarification on which changes were done with JP approval. Paullin was also concerned with the extra fuel and paint costs and wondered if a credit would have been issued had prices gone down.

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Daleiden explained changes were usually approved by Chris Catlin or his staff and had to be made immediately rather than wait for Board approval. Daleiden added that at the time, Catlin was trying to keep the project moving forward and with the transition from Chris Catlin to Chris Larson, details weren't communicated as quickly between HR Green and EnComm. The permit delays created a situation where the contractor would either have to incur winter construction costs or pull off the job, and Daleiden assumed Catlin must have determined re-mobilization was more expensive. Zachman commented that mobilization charges are often included in the contract price along with a deadline date for the contract pricing. Larson said he would see if it was broken out in the bid.

Zachman questioned the amount of heating required for one month on Items 15, 16 and 17 considering the building is so small and why heating costs would be \$7k plus for one two week period and only about \$4k the next two weeks. General discussion followed.

Vetsch asked Larson what percent of the total bid the Change Order represented and Larson replied that if the \$65k deduct was not considered, then the Change Order was around 4%. Vetsch suggested the situation was unfortunate, but since the project was delayed through no fault of either JP or EnComm, it seems reasonable to pay EnComm for working in winter conditions not included in the bid. Larson added that most of the charges on the Change Order were from subcontractors and EnComm didn't submit any project management costs.

Zachman stated he wasn't satisfied with almost \$26k in heating costs for one month with little or no explanation of the pricing for the two different weeks of heating, especially since those costs were over and above the blanket rental and fuel charges already listed.

Hagerty agreed with Vetsch that percentage-wise the Change Order wasn't a significant number but added he'd like to see more explanation for Items 15, 16 and 17. General discussion followed. Klecker asked what amount was still owed to EnComm and Larson explained that \$850k has been paid so far, which leaves approximately 600k owed, counting the Change Order amount. Larson and Daleiden suggested payment of Items 1-10, 12, 13 and 14, and request more information on the remaining. Zachman agreed and stated the total for those items was \$48,808.11, but there were just too many questions regarding Items 11, 15, 16 and 17. **MOTION BY ZACHMAN, SECOND BY KLECKER TO PAY \$48,808.11 OF CHANGE ORDER #3 SUBMITTED BY ENCOMM. MOTION CARRIED UNANIMOUSLY.**

In New Business, Daleiden asked Board Members to review the letter from Ms. Arens requesting a waiver of late fees for Ridge Drive Apartments. Daleiden explained the late fees had been waived in 2006 per Ms. Aren's request and Hagerty asked if Ms. Arens remembers asking for the exemption in 2006. Daleiden stated Ms. Arens did remember the conversation from 2006, but per her letter, says she called again in 2007 and requested another waiver and someone in the office told her it would be okay. Daleiden added the letter from Ms. Arens appears to mirror almost word for word the account notes from

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2006. Daleiden explained that office staff keeps detailed notes on waivers/exemptions and would not issue another exemption since JP policy allows only one exemption per account, provided the pay history is good, without Board approval. MOTION BY HAGERTY, SECOND BY ZACHMAN TO DENY WAIVER OF LATE FEES FOR RIDGE DRIVE APARTMENTS. MOTION CARRIED UNANIMOUSLY.

In other **New Business**, Klecker discussed the billing issue for CJ's Laundry in Albertville. A billing error believed to date back to the transfer of billing operations from Joint Powers to Albertville was discovered during the conversion of CJ's to a radio read meter. Albertville has requested JPWB provide direction in how the situation is handled since the City of Albertville bills for JP supply water services. Klecker added the owner of CJ's met with Albertville Council Members and would like some consideration since the billing error was not his fault.

Hagerty asked if JP billed for that business in the past and Daleiden explained JP office did Albertville billing through 1999. Daleiden added JP has only hard copies of billing from that long ago, the records she could find listed the business as Sunrise Plumbing with no reference to CJ's Laundry and there was no indication in the JP records that a zero was dropped from any meter cards submitted. JP policy for billing errors has been to back bill for at least one year and allow additional time without penalties to pay the balance.

Hagerty and Zachman wondered if CJ's Laundry is legally obligated to pay any back billing and Keyes explained Minnesota statute allows businesses to collect billing errors as far back as 6 years. Zachman asked what portion of the total amount owed was JP and Daleiden explained the supply water amount owed to JP was \$8,183.18. General discussion followed. MOTION BY HAGERTY, SECOND BY PAULLIN TO BACK BILL CJ'S LAUNDRY FOR ONE YEAR AND ALLOW A 2 YEAR INTEREST FREE PERIOD FOR PAYBACK. MOTION CARRIED UNANIMOUSLY. Joe Hagerty excused himself from the meeting at 6:40 pm in order to fulfill another obligation.

Under **Engineering**, Chris Larson presented Change Order 1 for Well 9. As part of the variance granted by the Minnesota Department of Health for the Aquifer Storage and Recovery well, two additional test wells, additional sampling and monitoring capabilities are now required. The total cost for the change order is \$66,236 dollars, which includes the deletion of a test well at the East Tower site listed in the original contract. Larson explained the change order is required in order to meet government requirements for the well to be categorized as an ASR well. MOTION BY ZACHMAN, SECOND BY PAULLIN TO APPROVE CHANGE ORDER #1 TO WELL 9 AS PRESENTED. MOTION CARRIED UNANIMOUSLY.

Larson presented Pay Estimate #5 for \$51,775.00 to Traut Wells for completed work on Well 9. MOTION BY PAULLIN, SECOND BY VETSCH TO APPROVE PAYMENT OF PAY ESTIMATE #5 TO TRAUT WELLS AS PRESENTED. MOTION CARRIED UNANIMOUSLY.

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Larson presented Pay Estimate #11 for \$96,537.25 which includes the partial payment of \$48,808.11 for Change Order #3. Keyes explained the check included in the List of Claims for Pay Estimate #11 is for \$47,729.14 and does not include any change order costs. An additional check will be cut for Change Order #3 and that total will equal the amount Larson presented. MOTION BY ZACHMAN, SECOND BY KLECKER TO APPROVE PAY ESTIMATE #11 FOR \$47,729.14 TO ENCOMM FOR COMPLETED WORK. MOTION CARRIED UNANIMOUSLY.

Under **Operations/Office**, there was nothing to report.

MOTION BY PAULLIN, SECOND BY ZACHMAN TO APPROVE THE LIST OF CLAIMS AS PRESENTED. MOTION CARRIED UNANIMOUSLY.

In **Other Business/Announcements/Correspondence**, Board Members reviewed a letter sent to a customer regarding water quality. The customer had voiced concerns to Senator Amy Koch which Daleiden responded to. No action required by the Board.

MOTION BY PAULLIN, SECOND BY KLECKER TO ADJOURN AT 6:58 PM. MOTION CARRIED UNANIMOUSLY.

Recording Secretary