

MINUTES OF THE CITY COUNCIL OF LAUREL

December 13, 2016

A special meeting of the City Council of the City of Laurel, Montana, was held in the Council Chambers and called to order by Mayor Mark Mace at 6:30 p.m. on December 13, 2016.

COUNCIL MEMBERS PRESENT: Emelie Eaton Doug Poehls
 Bruce McGee Richard Herr
 Scot Stokes Chuck Dickerson
 Tom Nelson Bill Mountsier

COUNCIL MEMBERS ABSENT: None

OTHER STAFF PRESENT: Sam Painter, Civil City Attorney
 Heidi Jensen, CAO
 Kurt Markegard, Public Works Director
 Bethany Keeler, Clerk/Treasurer
 Chad Hanson, Great West Engineering

SCHEDULED MATTER:

- **Resolution No. R16-119: A resolution authorizing the Mayor to sign Change Order No. 9 with Wilson Brothers Construction for the Water Treatment Plant Intake Project constituting an increase of \$101,210.00**

Mayor Mace asked Chad Hanson to speak to the council.

Chad Hanson explained Change Order No. 9, which is a result of the undulation of the bedrock. The bedrock elevation is lower than was anticipated by the geotechnical evaluation, so the transmission mains, air lines, and hot water line need to be supported and protected against scour from the intake structure to a point where they intersect the bedrock. At the intake itself, structural concrete will be used to tie it to the intake structure so it would sit there like a bridge if anything washed out. In the bedrock, there will be a lean concrete seal for support. Jonathan Weaver recently met with Robert Cole of the Corps of Engineers, and they agreed that this is within the existing footprint so it is fine with the permitting agencies. FEMA reviewed it and agreed to it, so it will be rolled into the final project worksheet and FEMA will pay actual costs for it.

Chad distributed a summary of construction costs, which he prepared at the request of the CAO and the clerk/treasurer. The clerk/treasurer had also asked him to attach Great West's invoice and the payoff page for the contractor.

Council Member Eaton stated that this change order is for \$101,210.00. She questioned a bullet point in the change order that stated: "Increase the contract quantity for Item No. 105 - Cast-in-Place Concrete from 119 CY to 147 CY. This quantity increase is an estimate, and payments to the Contractor will be made based on actual quantities". She asked how much it would cost the city in addition to the \$101,210.00.

Chad explained that the bid items in the contract are set up to pay for actual quantities installed. The engineers do their best to estimate lineal feet of pipe. They might estimate it is going to be 1,000 lineal feet but the contractor might end up putting in 999 lineal feet or 1,005 lineal feet. At the end of every project, a reconciliation change order is done that matches the contract actual quantities. Historically, it is a small credit or a wash because the engineers are conservative when estimating quantities.

Heidi asked Chad to go through the handout with the council.

Chad explained that the project budget includes line items that are broken into three columns. The first column is FEMA's 75 percent match on all the costs that FEMA approved as eligible costs to replace the intake. The second column is the 25 percent match that the city is currently covering. The third column lists the non-FEMA eligible costs that were added to the project that FEMA said are not eligible costs and which are 100 percent the city's costs. Those costs include setting up the



SRF loan put in place to cover the 25 percent match and the bond counsel associated with that. FEMA would not pay for the boiler system at the new intake, since there was not one at the current intake. City staff has said that not installing the boiler system was the worst thing that ever happened to the 2003 intake. Change Order No. 2 was the city's expense for the bypass that will save pumping costs and would have been done as part of the sedimentation basin project. Change Order No. 7 was discussed for changing the well. The current total budget is a little over \$3 million between the 25 percent match and the non-FEMA eligible costs. Originally, the city had budgeted \$1 million of reserves and then got the SRF loan for \$1.7 million. That leaves a shortage of \$412,000 that the city is covering with water reserves that were earmarked for the sed basin project.

Heidi explained that the loan is an interest-free loan for three years, after which it will start accruing interest over time. The number will still continue to increase because the loan will have interest over time.

Chad stated that the budget is strictly construction costs or capital costs. It does not include the loan interest or any of the time that Heidi and Kurt have put into this now or in the last five or six years. The budget is strictly capital costs for the construction project.

Council Member Eaton asked if the FEMA money continues until the project is finished.

Chad said that it does and that FEMA will pay 75 percent of any actual costs that they consider eligible. Hypothetically, there is no cap on the amount of FEMA dollars. FEMA has said that the change orders are part of the project, so they will be included in the final Project Worksheet for FEMA to pay 75 percent.

Motion by Council Member Poehls to approve Resolution No. R16-119, seconded by Council Member Dickerson. There was no public comment or council discussion. A vote was taken on the motion. Council Members Poehls, Herr, Stokes, Mountsier, Dickerson and McGee voted aye. Council Members Nelson and Eaton voted nay. Motion carried 6-2.

ADJOURNMENT:

Motion by Council Member McGee to adjourn the council meeting, seconded by Council Member Eaton. There was no public comment or council discussion. A vote was taken on the motion. All eight council members present voted aye. Motion carried 8-0.

There being no further business to come before the council at this time, the meeting was adjourned at 6:42 p.m.


Cindy Allen, Council Secretary

Approved by the Mayor and passed by the City Council of the City of Laurel, Montana, this 20th day of December, 2016.


Mark A. Mace, Mayor

Attest:


Bethany Keeler, Clerk/Treasurer