

**MINUTES
COUNCIL WORKSHOP
NOVEMBER 29, 2016 6:30 P.M.
COUNCIL CHAMBERS**

A Council Workshop was held in the Council Chambers and called to order by Mayor Mark Mace at 6:30 p.m. on November 29, 2016.

COUNCIL MEMBERS PRESENT:

<input checked="" type="checkbox"/> Emelie Eaton	<input checked="" type="checkbox"/> Doug Poehls
<input checked="" type="checkbox"/> Bruce McGee	<input checked="" type="checkbox"/> Richard Herr
<input checked="" type="checkbox"/> Chuck Dickerson	<input type="checkbox"/> Scot Stokes
<input checked="" type="checkbox"/> Tom Nelson	<input checked="" type="checkbox"/> Bill Mountsier

OTHERS PRESENT:

Heidi Jensen, CAO
Kurt Markegard, Public Works Director
Bethany Keeler, Clerk/Treasurer
Chad Hanson, Great West Engineering

Public Input

There was no public input.

Executive Review

- Resolution - Change authorized representatives on Short Term Investment Pool (STIP) CI-LRLESC
- Resolution - Change authorized representatives on Short Term Investment Pool (STIP) CI-LAUREL

Heidi stated that the two resolutions are need to change the authorized representative for the city's Short Term Investment Pool (STIP) accounts. Shirley Ewan is retiring and Bethany Keeler is the city's new clerk/treasurer. The resolutions remove Shirley as the signatory and contact person and place Bethany in that position.

- Resolution - Budget amendments for FY 2015-2016

Bethany stated that the Gas Tax Fund originally estimated that the sidewalks around Thomson Park would cost \$129,000. The bid came in at \$159,111.30, which was \$30,111.30 over the estimate. The treasurer took \$11,725.07 from other budget lines to cover part of the deficit, but \$18,386.23 is needed from the reserve.

Bethany explained that no budget was done for the Federal Equitable Sharing Fund and the police chief chose to spend \$49,528.50. He had money available in other budget lines to cover that, but \$26,591.21 needs to be taken out of his reserve.

- Resolution - Accept donation of a sign from Yellowstone Trail Association

Heidi explained that Greg Childs spoke to the council recently about posting a sign about the Yellowstone Trail in Firemen's Park next to the Chamber of Commerce. Heidi contacted Mr. Childs regarding the need for the sign to be a donation to the city. The Yellowstone Trail Association will donate the sign at an approximate value of \$600. When Mr. Childs receives the sign, he will bring it to the city and the Public Works Department will put the posts in the ground and mount the sign in the spring as soon as the sprinkler lines have been identified.

- Resolutions - Change Orders Nos. 6, 7 and 8 with Wilson Brothers Construction

Heidi explained that there are three separate resolutions for Change Orders Nos. 6, 7 and 8 with Wilson Brothers Construction. She stated that everyone will agree that the changes are necessary but there might be some questions about costs and what is going on with the project.

Chad Hanson, Great West Engineering, stated that there are three change orders for a specific reason. Change Order No. 6 is for the work that was performed to extend the north arm of the temporary rock weir approximately an additional 30 feet into the river. Extending that out and raising the elevation came to \$8,965.80. Since this is a separate project worksheet for FEMA, it is a separate change order to help track the costs.

Change Order No. 7 is for work associated with installing an alternate water supply for the hot water flush system for the intake, which is used for frazil ice mitigation. The hot water flush system was designed to be supplied with a groundwater well. When a well was drilled near the control building, bedrock was encountered at a depth of ten feet and the well yield was insufficient to supply the hot water flush system. The alternate system will pump water from one of the transmission mains to a storage tank located at the control building. The water will then be pumped from the tank to the boiler and out to the intake.

If the intake froze up and staff was trying to send hot water out to unfreeze the intake, it would be stuck in a loop. A tank was added at the control building to provide eight hours' worth of water that the operator could run through the boiler. It would also give access for the staff to haul water if needed. The costs for the well were subtracted. Costs were added for a pump to pump water up from the transmission main to the control building to the small day tank, which would connect into the boiler system like the well would have. The cost increase is \$76,549.70 to run power and install the pump and the tank, which will be purchased from the fiberglass place in Laurel. This is a separate change order because these are not FEMA eligible costs. The city will bear 100 percent of the cost. Since the boiler system was never installed at the existing intake, FEMA will not participate in the boiler at the new intake. This is the option that city staff felt was the most reliable and provided the most operational flexibility.

There was a very lengthy discussion regarding the change order, the shipping charges and restocking fee of \$957.95 to return the blowoff hydrant to the supplier, drilling test wells, moving the location of the well, the need to acquire more land in order to find a location for a productive well, issues with getting easements from surrounding landowners, the contract with A-1 Drilling to drill the wells, and the issues with the Howrey and Harkins land transfer that prohibited drilling wells, the fact that the boiler system has been 100 percent the city's cost from the start, except for the lines because there were existing lines.

There was further discussion regarding frazzle ice, who signs off on the engineering that determined that a well would be drilled, the cost effectiveness of spending \$5,000 to drill two test wells rather

than spending \$76,000, and the small .22 acre site that the city owns that already has a communication tower and a building.

Discussion continued regarding how to pay for the \$135,618.39.

Heidi explained that the city has to dip into the sed basin reserves. She stated that this is the biggest question, as everyone understands the need. The question is why the burden falls back onto the city to pay for the difference in cost between the well and the tank.

Chad explained that the engineers provided alternatives and recommended the well, based on cost effectiveness and the best information available. They could try more test wells, but putting a well within the existing land and easements would not work. A well would have had to be relocated a significant distance away, off Red Bridge Road or further to the west.

Doug asked if the council would receive another bill from Great West for the additional engineering services required from this change order.

Chad explained that the city does not always get an amendment request, as the engineers try to stay within their budget estimates. At this time, they are well within their budget. Chad has no intention to request an amendment to the contract related to these change orders.

There was further discussion regarding the status of the contingency fund, the progress of the project, possible future change orders, the pump not being a FEMA eligible expense, and the city's \$1 million reserves for the project.

Bethany expressed concern about the city's huge financial impact of this project and questioned why the changes are the city's sole responsibility,

Chad explained that the engineers did investigations upfront based on design and made recommendations based on their best professional judgement and available information. The expense to drill test wells and soil borings could have doubled the upfront engineering costs. He understands her perspective and it probably seems unfair that it comes back on the city, but the engineers do everything in their best professional judgment within the practices of the industry. It would be astronomical for every engineering firm to guarantee every single thing.

There was a question regarding whether the tank could be an optional item.

Chad stated that it could, but the city would end up with a boiler system installed in the new control building with no water source. The operators would not be able to work on frazzle ice or any freezing issues.

Heidi stated that the generator and boiler are sitting there hooked up to nothing. They have already built the building and the electronics and controls already go into the building. The tank is the smallest part of this project. She again stated that the tank is not the problem. The problem is the city bearing the full burden of the \$76,000.

There was a suggestion to haul water to the tank.

Heidi stated that the lines are already paid for to the tank.

Doug mentioned that the tank costs \$27,000 of the \$76,000, so money will not be saved by not putting it in.

Chad stated that alternatives were presented to the city staff. City staff directed the engineers to move forward with this alternative, even though it was more expensive than a couple other alternatives, because they felt it was more reliable and more flexible to the city's needs.

Bethany again stated that the city should not have to pay for the restocking fee.

Chad explained that all of the items in Change Order No. 8 are FEMA eligible, so FEMA will pick up 75 percent of the cost.

The first item in Change Order No. 8 is the communication tower and foundation. The work is being done with ICS to go to a microwave system that will ultimately tie into the city's long-term plans. There was supposed to be a tower on the McCoy's property, but the city did not have the easement. The tower came out of the project, but ICS never took it out of their bid. The only additional cost is \$3,700 for the concrete foundation for the tower. It is necessary to get communication back to the water treatment plant and tie in ultimately to the city's system.

The second is the pressure and temperature sensor relocations. Tim and Nathan requested relocating the pressure system on the transmission main so it could be removed and replaced down the road if necessary versus installing it in the intake. There is a cost increase to install a vault and tap the transmission lines.

Staff asked for valve extensions because a lot of the valves are deep. In order to use a standard valve key on the valves, valve extensions are required.

The next item is the revised drilled shafts for the intake foundation. Chad distributed copies of the intake, pipelines and bedrock exhibit. During the design with the geotech, soil borings were drilled on either side of the river and they interpolated what they thought was there, but that was not actually where the shale was during construction. The exhibit showed the profile of the intake to the pipeline and that the actual shale undulates and is actually eight feet lower where the intake is than was assumed during the design. They had to increase the size of the shaft that supports the intake because it is not sitting right on the bedrock. The shafts went up to 42 inch diameter and are cased in steel, which is required for Federal money by the American Iron and Steel Requirements.

The contractor suggested some value engineering with a better way to encase the air line and the hot water lines. That resulted in a \$72,000 credit back from the contractor because it will improve their constructability and save some money.

The last item on the change order was a minor discrepancy in quantities on the hot water line from the control building to the intake.

There was discussion regarding the possibility of the river scouring out the intake, the floodplain that is not constrained by the two bridges in this location, another change order that will come forward, the eligible FEMA costs in this change order, the 911 tower, and the cost of the city's current phone bills.

- Resolution - Agreement with MDT for street cleaning on the Primary Road System in Laurel
Kurt explained that the city has had an annual agreement for \$5,000 with the Department of Transportation to street sweep their streets in the City of Laurel's limits, which includes Main Street and South First Avenue. The agreement is typically done in June but it was received late this year. MDT has indicated that this would be the last sweeping contract they enter into with the City of Laurel, as MDT will take over the street sweeping on the streets after June 30, 2017. The city's sweeping district will still incorporate some of the businesses on Main Street.

- Council Issues:

- Procedure for discussion of agenda items when the council member cannot attend the meeting (Chuck Dickerson)

Chuck requested that the discussion item be moved to the next council workshop agenda, due to the time spent on other items tonight.

- Fireworks display on Veterans' Day (Emelie Eaton)

Heidi explained that the fireworks display on Veterans' Day was not within the city limits. The city's fire marshal was notified as a courtesy and the fireworks display was permitted by the County fire marshal.

- Update on Tom Nelson's visit to the Governor's Office

Tom referenced an email with five attachments that he received last week and the CAO sent him today.

Heidi stated that Representative McCarthy has been busy on the city's behalf. She spoke regarding Representative McCarthy's recent email, which stated that he has obtained enough evidence that DES and the State paid the 25 percent for multiple parts of this project and then stopped paying the 25 percent. The city's TSEP Grant did not get ranked as an eligible funding project this year for the lowering of our intake. Heidi will set up a conference call with TSEP to find out what happened with the application.

Tom stated that Representative McCarthy wanted to find out a few amounts that the city has received, and the clerk/treasurer has been working to provide that information. The clerk/treasurer has received \$2,468,388 for Draws 1, 2 and 3 of the current intake project and another \$800,063 for the project. The *Billings Gazette* and the *Laurel Outlook* plan to print stories soon. Tom stated that the State will pay the 25 percent match at some point in time, as a precedent has been set. They are required to pay 25 percent of the State and Local Match by their Public Assistance Administration Plan, which is part of the FEMA State Agreement the State must follow in order to get the money. FEMA money that comes to the states from the Federal government under the Stafford Act of 1988 is grant money, which is why there is a match. In the agreement in the Public Assistance Administrative Plan, the State has an amendment that says the State will pay the 25 percent as long as the local entity, county or city, has levied two mills for the emergency, which the City of Laurel did at the time of the emergency.

Heidi will forward the email to the council.

- Update on 2011 Yellowstone River flooding event

Heidi stated that the weekly construction meeting was held this morning. Kurt, Chad and Heidi went to the site today to watch the contractor putting concrete into the casings, sometimes 25 feet underground. The original bidding documents requested that the contractor be out of the river by a specific date. After that date, the contractor will be in the river at their own risk. The design for the area where the pipes need to be supported because the bedrock dips should be completed by the end of this week. Installation of the pipe to the current water treatment plant is going well. The call with FEMA went fine, and the next call is scheduled for December 13th.

Kurt offered to email pictures to the council or to give a PowerPoint presentation to the council to show the pictures. The council agreed that it would be helpful to see pictures and have a presentation.

Other items

Chuck asked how the council should address the clerk/treasurer's recommendation not to approve the \$957.95 restocking fee for the blowoff hydrant.

There was discussion and it was agreed that the resolution could be amended to reflect that the charge would not be included in the change order.

Review of draft council agenda for December 6, 2016

A typographical error will be corrected.

Attendance at the December 6, 2016 council meeting

All council members present will attend.

Announcements

Tom stated that he and Heidi recently met with representatives from Representative Ryan Zinke's office and Senator Steve Daines' office. Tom did not provide details of the meeting.

The council workshop adjourned at 8:39 p.m.

Respectfully submitted,



Cindy Allen
Council Secretary

NOTE: This meeting is open to the public. This meeting is for information and discussion of the Council for the listed workshop agenda items.