

**MINUTES OF RESCHEDULED MEETING  
OF BOARD OF DIRECTORS  
OF LOCKWOOD WATER AND SEWER DISTRICT**

**October 24, 2018**

The rescheduled meeting of the Lockwood Water and Sewer District Board of Directors was held on October 24, 2018. President Peters called the meeting to order at 7:00 p.m. in the conference room of the Lockwood Water and Sewer District Office, 1644 Old Hardin Road, Billings, Montana.

Present at the meeting were Board members Carl Peters, Nancy Belk, Carlotta Hecker and Stuart Deans. Board Member Merrill Walker was absent. Also present was Manager Mike Ariztia, Assistant Manager Tony Reed, and Jill Cook of Morrison-Maierle.

**Attendance and Voting Record attached to minutes**

**PUBLIC COMMENT:**

None.

**APPROVAL OF MINUTES:**

The minutes of the September 12, 2018 Public and Regular Board meeting were presented for approval. No additions or corrections were noted.

- I. Carlotta Hecker moved to approve the minutes of the September 12, 2018 Public and Regular Board meeting as written. Stuart Deans seconded the motion. Motion carried.

**NEW BUSINESS:**

- \* **Approval of Western Municipal Construction Pay Application #3 (FINAL) for the Sewer Lift Station Project**

Western Municipal Construction presented Pay Application No.3, the final payment for the Sewer Lift Station Project, in the amount of \$13,890.45.

- II. Nancy Belk moved to approve payment of Western Municipal Construction's final pay application No. 3, for the Sewer Lift Station Project in the amount of \$13,890.45. Stuart Deans seconded the motion. Motion carried.

**Copy of Pay Application No. 3 attached to minutes**

\* **Approval of Change Order No. 6 to the Water Intake Project**

Western Municipal presented for approval Change Order No. 6 modifying contract provisions covering liquidated damages and unscheduled employment of the engineer. There is no monetary value in connection with this change order. The change order is to signify the fact that LWSD modified the contract for the Intake Project by entering into a Memorandum of Understanding with Western Municipal granting them until the end of March, 2019, to complete the project without incurring liquidated damages. Western Municipal agreed that it would not try to recoup any costs associated with work done prior to the signing of the Memorandum of Understanding.

Western contacted the manufacturer of the VFDs and the motor controlled cabinets and they are now ordered. They will be manufactured and sent here, which normally takes a significant lead time. Because of the time involved, and because of the relationship LWSD has had with Western, at the September meeting, the Board gave Manager Ariztia authorization to move forward with the agreement. The agreement was reviewed by Attorneys Terry Seiffert and Mike Usleber. It has been signed by both parties.

Pay application No. 10 for the Water Intake Project, as discussed at the September Board meeting, will be tabled until finalization of the project. The pay application will encompass all additional tasks that Western has done for the District, including installation of emergency piping, and any additional costs that may be justifiable between now and completion of the project, and will be incorporated into one final change order.

In turn, it was agreed that Western Municipal would not incur any additional charges for unscheduled employment of the engineer through this process. The District agreed to this provision. The District and Morrison-Maierle have their own separate agreement whereby Morrison-Maierle will not charge the District for additional unscheduled employment.

Jill Cook advised Morrison-Maierle has a small amount left of its contract and there will not be any contract amendments. It will finish the contract, and barring some new issue arising and Western not finishing on time, as long as the agreement is followed, Morrison-Maierle will proceed with no additional cost above the existing contract.

- III. Nancy Belk moved to approve Western Municipal's Change Order No. 6 to the Water Intake Project. Carlotta Hecker seconded the motion. Motion carried.

**Copy of Change Order No. 6 attached to minutes**

\* **Approval of Petition for Inclusion into Water District #1 and Sewer Service District #1 from JoAnn Stevens at 2411 Hillner Lane, Tax Code C12743**



JoAnn Stevens of 2411 Hillner Lane, Tax Code C12743, petitioned for inclusion into Water District No. 1 and Sewer Service District No. 1. Ms. Stevens provided the necessary documentation along with road easements from Kent Forrester and Yellowstone County.

- IV. Carlotta Hecker moved to approve the Petition of JoAnn Stevens, 2411 Hillner Lane, Tax Code C 12743, for inclusion in Water District No. 1 and Sewer Service District No. 1. Stuart Deans seconded the motion. Motion carried.

**Copy of Petition for Inclusion with Map attached to minutes**

**OLD BUSINESS:**

\* **Sewer Preliminary Engineering Report comments from the LWSD Board**

Manager Ariztia reported there has been no comment from the public based on the public meeting, but before the initial PER is finalized, he and Jill Cook of Morrison-Maierle wanted to give the Board an opportunity to comment. After the September 12 public meeting, the Power Point presentation was put on the website for anyone having questions.

Jill Cook advised she is working on edits to the PER, after which all of Morrison-Maierle's documents, reports, specs, and drawings will go through an internal Q/A process for any updates that need to be made.

Ms. Cook advised she had received a note from Board member Stuart Deans inquiring about the size of the engineering estimate and the cost estimate. She explained that at the planning level, it's just planning level estimates, and first of all, they try to be relatively conservative in terms of construction unit prices and inflation contingency.

In terms of engineering, the industry standard for water, wastewater work done on a good sized project, such as \$3 to \$4 million project, they will assume an engineering cost of 20% of the project amount. That standard is industry wide. It is typically assumed to be 10% on design and 10% during construction.

Design consists of surveys, permits, and the plans and specs. During construction, in Jill's case, it would consist of the weekly meetings that are attended with Carl Peters and Mike Ariztia, along with the back and forth that her and Mike Ariztia do through the week regarding the project. 20% is an overall estimate based on construction cost. Engineering doesn't always follow construction costs. There might be a project that doesn't cost that much to construct, but maybe the permitting is really onerous or the environmental requirements are really onerous, so they don't always go together, but normally in their industry, the total engineering falls somewhere around 20% of the construction cost. So on a \$10 million project, usually you're going to incur somewhere around \$2 million in construction costs.

Morrison-Maierle's services include planning, permitting, survey, design, specs, bidding, along with Jill's services during the construction phase, and having the RPR on site. The planning documents go to funding agencies, and 20% is the percentage they are used to seeing. To achieve an economy of scale, the bigger a project is, the more that percentage comes down. On a smaller project, engineering and construction usually go up on a percentage basis because the contractor is using economy of scale. There are certain tasks that have to be done on Morrison-Maierle's part and the contractor's part regardless of size of the contract.

Manager Ariztia asked once the project is approved, the District signs a contract with Morrison-Maierle for the work that's to be provided for that project, if that contract isn't necessarily based on the 20%. Ms. Cook confirmed that to be correct. Morrison-Maierle prepares an extensive spread sheet on which they do an hours' estimate for the project. On an hourly rate contract, which all of their construction projects have been done on, the District is only billed for the time Morrison-Maierle actually spends. On both Phase 1 and Phase 2, Morrison-Maierle has come in on many of those projects under that total ceiling during the construction phase. Contracts are negotiated on what services are requested to be provided.

Manager Ariztia asked if typically on projects, when they're all said and done, is it usually close to that 20%; is it over the 20%; is it under the 20%. Jill replied she would say it's usually close to the 20%. Jill offered that their contracts are reviewed and concurred in by State and Federal lending agencies, and their evaluations for engineering and construction are based on the basis that the project cost is reasonable and modest.

## **FINANCIAL REPORTS**

A Yellowstone County trial balance was not received.

Financial reports attached to the minutes are: Check/Claim Detail for the Accounting Period September, 2018; Trial Balance with Revenue and Expenditures for the Accounting Period September, 2018; Statement of Revenue Budget vs. Actual for the Accounting Period Statement, September; Statement of Expenditures - Budget vs. Actual Report for the Accounting Period September, 2018.

## **APPROVAL OF BILLS DUE FOR SIGNATURE:**

- V. Nancy Belk moved to approve payment of the bills submitted on the Check/Claim Detail List. Carlotta Hecker seconded the motion. Motion carried.

## **OTHER BUSINESS:**

- \* **Intake Project Update**



Discussed above under Approval of Change Order No. 6.

**MANAGER REPORTS:**

The water pumping record is as follows:

September, 2017	34,164,800
September, 2018	32,193,800

Wastewater record:

August, 2017	4,836,568
August, 2018	5,399,064

Manager Ariztia advised that Town Pump on Highway 87 has been connected to the sewer.

Discussion was held on the location and property cost of the new bulk water sales station. Morrison-Maierle was asked to do a preliminary drawing of the location of the station, which is attached to the minutes. Manager Ariztia hired a licensed appraiser to appraise the property, and hopes to have the appraisal done by the next Board meeting to be able to discuss an offer to the property owners to purchase the property.

**Copy of preliminary drawing for bulk station attached to minutes**

**ADJOURNMENT:**

- VI. Nancy Belk moved to adjourn the meeting. Carlotta Hecker seconded the motion. Motion carried.

There being no further business to come before the Board, the meeting was adjourned at 8:10 p.m.

The next Board meeting will be held on November 14, 2018.

  
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