

**WINNIPESAUKEE RIVER BASIN PROGRAM
SPECIAL ADVISORY BOARD MEETING AND
CIP SUBCOMMITTEE MEETING
SEPTEMBER 7, 2012**

Members present: Paul Moynihan (Laconia), Brian Sullivan (Franklin), Jeanne Beaudin (Belmont), Sheldon Morgan (Gilford), Dan Leonard (Meredith), Bob Veloski (Sanbornton – arrived for Advisory Board meeting) Steve Dolloff (DES) and Sharon McMillin (DES).

CIP Subcommittee: Meeting opened at 9:08 am.

Minutes: Paul Moynihan moved, seconded by Dan Leonard to approve the minutes of August 16, 2012 as written. Motion passed.

Draft Assessment Formula (MOU item 7.2): This): The MOU Milestone whereby DES and the CIP Subcommittee are to create and recommend in draft form alternatives for an updated assessment formula to the Advisory Board has a goal due date of the end of September. However, The MOU milestone date was set so that a formula would be created and approved before actual flow data was collected. The delay in the flow metering implementation project allows this date to be extended and the subcommittee is still working on the formula. The subcommittee will report to the Advisory Board that steps are being taken showing that the subcommittee is moving in the right direction even though it will not meet the proposed deadline. Brian suggested looking at recommendations made in the CDM report and using excerpts from that report as well as items suggested by Ray Korber to create a final report. The MOU milestone date table will be modified and the CIP Subcommittee will report the status of their work at the Advisory Board October Quarterly Meeting on October 16th.

Brian Sullivan reported that Ray Korber suggested contacting the Greater Lawrence Sanitary District (GLSD) which has gone through the assessment formula process and is one of the examples used in the CDM Technical Memo on Cost Recovery Allocation methodologies. The GLSD is made up of several communities and is similar to WRBP in its structure. Brian moved, seconded by Dan Leonard, to request that Ray Korber contact the Executive Director of the (GLSD) to schedule a meeting to visit their facility on either Oct. 11th or 12th. Motion passed. Sharon McMillin will put together draft questions that can be finalized by CIP Subcommittee members via email to ask about their assessment formula.

The next CIP Subcommittee meeting will be scheduled after the GLSD visit.

Steve Dolloff noted that the MOM proposals are due on Sept. 7th and he will deliver the proposals to the MOM Selection Team. The Team has not yet scheduled a meeting and will schedule based upon the number of submissions which will determine initial review time. The Selection team will schedule interviews for early October after Jeanne returns from vacation. A meeting to rank the proposals and determine the firms that are to be interviewed will be scheduled via email.

The As-Needed Engineering Services Selection Team is conducting interviews of 4 of the 7 firms which submitted proposals in Belmont on Sept. 12th and 13th. They plan on meeting in Belmont on Friday Sept 14th to make a final recommendation. Sharon McMillin will prepare draft questions for the Selection Team to ask each firm during the interviews.

Sheldon Morgan moved, seconded by Dan Leonard, to adjourn the CIP subcommittee meeting at 9:36am. Motion passed.

Advisory Board meeting: Brian Sullivan called the meeting to order at 9:37am when Bob Veloski joined the meeting, constituting a quorum.

Minutes: Paul Moynihan moved, seconded by Jeanne Beaudin, to approve the minutes of July 17, 2012 as corrected. Motion passed.

Flow Metering and Cost Allocation System Project: Sharon McMillin informed the Board that there was only one bid from Penta Corp. and, even after negotiations, their revised bid of \$1,361,931 is higher than the amount estimated or budgeted. Sharon McMillin stated that it was difficult to compare Penta's bid with the CDM estimate of costs due to the different ways that the costs were broken down and how each accounted for general conditions such as insurance. Steve Dolloff commented that Penta's revised bid was not as significant a reduction as what was envisioned by CDM and WRBP staff during the meeting with Penta and their key electrical/electronics subcontractor. This meeting went through each flow meter location to determine what Penta and their sub understood to be the scope of work and to propose any cost savings measures. The total project SRF loan budget is \$2M which is the maximum to be spent on the entire project. Acceptance of Penta's revised bid would allow only a 4% contingency for the project. Sharon McMillin asked if the Board wants to accept this bid and work with Penta to incorporate the cost savings they proposed or re-bid the project. She believes that she and Steve Dolloff can work with Penta on changes that will keep the project within budget but she doesn't see any big items that would significantly reduce their price. Jeanne Beaudin asked if there is a time limit for expending the loan. Sharon responded that monies have already been expended on the CDM engineering design effort so the loan is already in place and available; and the WRBP could formally extend the loan if necessary in order to complete the project as envisioned. Dan Leonard asked if CDM advertised aggressively for this project as he knows of contractors who were not aware of the bid requests. Sharon responded that it was advertised similarly to any other WRBP construction projects, posted on the State's website, and calls were made by CDM to several contractors, but she felt that many contractors were busy and not able to commit to meeting the deadlines for bidding and completing the project in the timeframe specified. This last was reiterated by Jeanne Beaudin, who indicated that one contractor which is currently working for Belmont indicated that they didn't have enough time to prepare a bid but would be interested if the timelines changed. Steve Dolloff commented that there were concerns about the level of liability for the contractors for changes in site conditions not clearly delineated in the specifications and that these terms may need to be reviewed or revised. The original

plan was to have the flow metering in place by the spring flow, but this could be extended to allow more time for completion and make the project more attractive to additional bidders. Sharon McMillin stated that it could be rebid with an addendum which would incorporate the cost savings changes and extend the time to bid and complete the project, rather than preparing a whole new bid packet by CDM so that it wouldn't be much cost to re-bid. The CDM contract goes through Dec. 30, 2013 so they would have plenty of time in their contract for construction oversight inspection services. Dan Leonard asked if it is required to continue with CDM if the project completion is extended, and the Board is not satisfied with CDM. Sharon replied that the as-needed engineering contract could be used for the construction oversight services, and there is no obligation to continue with CDM. She indicated that one of the primary reasons for the CDM contract extension was to allow for the services of Joe Ridge as an advisory during the cost assessment formula development. Jeanne Beaudin suggested that if the project is rebid, the addendum to the bid packet should be presented to the Advisory Board. Sharon McMillin indicated that the whole bid package would be available to the Board as it would be posted on the State's website. She added that rebidding will give contractors more time to prepare the bid and construction can happen next year. It was generally agreed that it would be more responsible to rebid than to accept the one bid. Dan Leonard moved, seconded by Bob Veloski, to rebid the Flow Metering and Cost Allocation System Project with modifications based upon discussions and items found during the bid process and subsequent negotiations included in an addendum. Discussion followed about the length of time to allow for bidding and the better chance of receiving multiple bids from contractors who will have completed their work this fall. Sharon McMillin will work to have the addenda ready by mid-October and bids can be due in early January with the construction period extended through December 30, 2013 in order to attract more contractors and eliminate winter construction. Motion passed.

Proposed WRBP Biennial Budget FY14/15: Sharon McMillin presented a proposed State FY14/15 biennial budget as per the requirement in MOU item 2. The proposed budget is, of necessity, higher than the "budget to members" which is the amount assessed to users since a contingency needs to be built into the State's budget. Sharon explained that this is a preliminary budget and that there are many items that DES staff or Advisory Board do not have control over. The proposed State budgeting process also includes the Governor and legislature. The State budget includes the amounts assessed to communities for O&M, Admin, and Debt Service even though they are invoiced separately to the communities. It does not include since the sinking fund assessment as that is a different fund. The Debt Service line item has to carry the full, estimated amount of future project loans, even though the final project loan may be less. The proposed State budget is always higher than the "budget to members" which is the amount assessed to communities since funds in the State's budget have to be available as "placeholders" but not necessarily spent. A comparison was provided of FY12 State budget, assessed budget and actual costs, as well as the FY13 State budget and assessed budget. The actual cost to the member communities was lower than the assessed costs in FY12 so communities will see a credit in their next invoices. Brian Sullivan pointed out that proposed O&M and Administration Assessment budget is up less than 4% over 2 years and that the debt service is creating the major increase to the WRBP budget. Sharon indicated that they are trying to minimize the impact of the dept debt service

increases to communities by minimizing operating costs where possible, but that this could not totally offset the debt line item. Sharon McMillin also noted that the budget includes the As-Needed Engineering Contract annual estimate at \$150K, but a decision on actual value can be made at the time of award and could be funded by the O&M or Sinking Fund (or both). However, a sufficient, contingent amount needs to be included in the State's budget or else there would be insufficient funds available if needed. Sharon McMillin reiterated the need to have placeholder moneys in the State's budget but that members were only assessed based upon historic costs, not on the contingency necessarily built into the State budget. After discussion and clarification of the process, Paul Moynihan moved, seconded by Jeanne Beaudin to acknowledge that the Advisory Board has reviewed the proposed WRBP budget for FY14/15 in fulfillment of MOU item #2. Motion passed.

Dan Leonard moved, seconded by Bob Veloski, to adjourn the meeting at 10:35 am. Motion passed.

Minutes prepared by Eliza Conde.