

Dimondale/Windsor Wastewater Treatment Plant
SEWER BOARD MINUTES SPECIAL MEETING
August 6, 2012

6:04 p.m. Meeting called to order by Chairperson Blair

Roll Call

Present: Ammarman, Blair, Chappell, Reznick

Absent: Slucter

Also Present: Denise Parisian, Village Manager; Don Heck, Wolverine Engineers; Mark Hughes, WWTP Operator; Betsy Kelly, Recording Secretary.

Blair explained that the purpose of the meeting was to address bids for the Bridge Street Force Main River Project. Ammarman voiced concern over his potential conflict of interest as an employee of the company with the lowest bid and stated his intent to abstain from voting. Parisian informed the board members that the lowest bid for the project (\$430,000) was significantly higher than the engineer's estimate (\$215,000) and the budgeted amount (\$275,000) is inadequate for purposes of funding the project. Don Heck distributed copies of the bid tabulations and explained that the cost estimate for the water crossing was the significant source of the discrepancy between the engineer's estimate and the bids. He continued that Wolverine had expected more bid activity and that he missed the mark with estimating the river crossing cost. Heck noted that several options exist for proceeding. He stated his belief that rebidding will only result in higher costs based on the gap between bidders and the lack of interested contractors. Discussion followed regarding phasing the project, with the lift station replaced first and the pipe replacement to follow; proceeding with the construction this season and investigating financing options; or delaying the project further. Parisian explained that in the short term the financing options as she understands them are borrowing money from the Village and Township General Funds or entering into an installment purchase agreement with a bank, which amount would be limited to the value of the materials. Parisian presented two amortization schedules based on the principle loan of \$130,000 at five percent interest with the resulting sewer rate increase required to finance the loan payments only to provide the members with an example scenario. She emphasized that the amount needed to borrow is undetermined at this time. Blair questioned the Village representatives regarding the reason for the failure of the last increase at the Village level. Discussion followed regarding the perceived level of risk and the cost of cleanup and fines should a failure of the pipe occur. The board members agreed that proceeding with the entire project this fall as originally planned would be the best case scenario if the financing can be resolved. Jim Hein, Village Trustee, suggested removing all extraneous items from the project and only borrowing the minimum amount necessary to avoid a rate increase. Don Heck reiterated that the only discretionary item is the portable generator. Parisian explained that determining the amount to borrow will require an analysis of the fund balance and will need to include engineering and financing costs as well as consideration of the project elements. Lori Conarton, Village Trustee, stated that she has not been convinced of the necessity of the project and spoke against any rate increase due to the financial impact upon her constituents. Parisian explained that the pipe's exposure has increased measurably over the past two years which explains why the project has been prioritized over other work. Parisian questioned the Board's preference with regard to the next step and expressed her concern that the local units be apprised of the funding issue. Blair spoke in support of the importance of proceeding and agreed to approach the Township Board regarding the finance and construction options. Chappell and Parisian will broach the subject with the Village Council. Parisian will speak further with the bank and the attorney regarding the borrowing options.

Motion by Reznick, second Chappell, to adjourn. Motion carried at 7:42 p.m.