



Round Mountain Water and Sanitation

Board Workshop via Conference Video and In-person

August 28, 2020 – 10:00 a.m.

Minutes

Call to Order at 10:00 a.m.

Roll Call: Charles Bogle, Greg Smith, Steve Lasswell, Randy Wilhelm, Peter Ewing (via Zoom), George Medaris, Dave Schneider, Peggy Quint, Jeff Parker (via Zoom), Brandyn Bair and Chad Paulson (SGM)

Pledge of Allegiance

No Public in attendance via Zoom

Charles' questions for SGM to address

1. Why do we have this design situation requiring pilings at such a late stage of development?
2. Why do we have such an elevated cost?
3. How confident are you that the cost will not further escalate?
4. What alternatives do you suggest reducing the total cost of the project?

SGM was equally as surprised at the increased cost for this project. Market changes can increase costs. In 2017 they were involved in a project in Snowmass, CO. It was projected at \$15 million up to 6 weeks before bid. The contractor came back to them with a \$19 million cost. Bid day, it was \$24 million. They do not take this lightly and they are willing to explain how this happened.

Brandyn looked back at the soil's investigation. Originally, they thought it would be one building, with no borings. There was no swell potential. From a foundation standpoint, there is a lot of excavation. That is where they found the swell potential, and these were not found originally. The structural department suggested that they get the soil investigation. The costs of the piles were from the contractor (Moltz Construction). SGM can only estimate the cost based on the price of concrete as well as the helical piers for the office. They were not expecting the number of piers for the WWTP. The most piers that could be needed will be 300. The deepest the piers may have to be is 75 feet deep. The structural design requested the new information from Cesar. The cost of concrete can vary, so the price is based on the best estimate. The price is about as good as it can be without bidding the project. There were some adjustments that were made. This lowered the cost some. George asked if COVID19 has played a part in the prices. Brandyn is not aware if it has been, but would like to say that there is some factored in. Perhaps on the scheduling side of the quotes, but not the equipment. Lodging could play a part because of the capacity in motel rooms that will be allowed. Greg stated that the district would like to know if that was factored into the cost. Moltz would be the ideal contractor because they are out of Salida. We have based our rates and financing based on the \$6 million. We have 950 ERUs. The customers' rates will have to be increased to cover the cost of the WWTP.

Cost reduction capabilities? We could cut some buildings, equipment, shop/office, lift station decrease. Cutting square footage is not going to make a huge dent. Subtracting half of the WWTP would be beneficial, but not feasible. Eliminate parts of the headworks. Taking out the automatic screen and grit removal would make the building smaller. The SVR are 20 ft deep. The existing lagoon will need to be excavated out about 10 feet. Process basins will have to remain. The filters will be needed for phosphorus PELs. The digesters could have a less expensive cover. This is a trade that will require opening hatches to check process, shoveling snow to get to what is needed. The filters need some kind of building. They cannot be outside. This would be trading off building expenses with operation expenses. The reasonable feasibility is to move it somewhere else. Considering our subsoil, there really isn't a better place to put it.

Brandyn has offered to explain this to the community or any entity that would like the information. He will help justify the increase that the district is now looking at funding.

Board members continued this discussion regarding SGM's explanation of the increase to the cost to build the Wastewater Treatment Plant.

Charles expressed his concern regarding increasing our customers rates to a point that it will shut down our community. We simply cannot pass this cost onto the customers of Round Mountain Water and Sanitation.

Brandyn will send Dave a document of explanation and graphs that lay out the breakdown of the costs. This will be sent out to the Board as soon as it is received.

Jeff Parker, attorney for the district, asked about how this is going to be broken down. In passing information to USDA and CDPHE, he feels this should all be in writing and would like SGM to give RMWSD a report that can be understood by the general public.

Greg would like three items to be clarified and how we can be assured that this is not going to happen again. These items are: What were the cost assumptions? Soils report surprise regarding the infiltrators, and now another Soils report. Greg stated that this does NOT look good. Geotechs hired should have a good knowledge of the area and how deep and where. That is what the cost was based on. Greg remembers that somewhere between 12 and 18 months ago, the board asked if the \$6 million was still good. The answer at that time was there wasn't any foreseeable problems. Chad responded that hindsight is 20/20. Greg wanted them to know that we need that cover from SGM to explain that RMWSD asked and the answer of \$6 million cost was correct.

Randy asked if there were any areas that SGM can help us since we have spent \$457,000 at this point. SGM stated that they have a lot invested also and that they understand the frustration that Round Mountain is feeling.

Dave said that the plant plans will accommodate growth. Market for new construction is prime right now and the potential for growth is great. The community needs to know that the facility we plan to build is the facility that the district needs. The question is how we can pay for it. Moving forward, SGM will be involved in any public information sessions at any time.

After lengthy discussion, board members took a break for lunch. After their break, more discussion continued. Board will receive the report from SGM prior to the next board meeting and discussion will resume.

Adjourn at 3:45 p.m.

