



City of Sidney, MT
Water and Sewer Committee Meeting 11-16-23
November 16, 2023 8:30 AM
115 2nd Street SE | Sidney, MT 59270

The City Council meetings are open to the public attending in person, with masks encouraged when social distancing cannot be accomplished. If the public does not wish to participate in person, they are also invited to participate via a Zoom meeting. You can participate via phone:

Meeting ID: 713 080 5898 Passcode: 4332809

Call: 1-346-248-7799

Alderman Present: DiFonzo, Godfrey, Rasmussen

Other's Present: Mayor Norby, PWD Hintz, Water Commissioner Elletson, Jordan Mayer (Interstate Engineering), John Bach (Interstate Engineering via phone), Shannon Click (Interstate Engineering), Greg Hitchcock (Sidney Herald), Deputy Clerk/Treasurer Shanks, Deputy Clerk/Treasurer Schmierer

1. New Business

a. 200,000 Gallon Water Tank Lining Project

Mr. Mayer stated he provided documents relating to the project and also present from Interstate Engineering is Mr. Click who was onsite and Mr. Bach who was the Engineer on record. He stated the tank is back online for the winter as of November 8th, 2023 and substantial completion has been issued by the contractor. He stated the project has had many issues with concerns being addressed every week with the contractor that did not always listen to the concerns, causing rework.

He stated the issue at hand is how to handle pay application #2, with the contract time going over. The project was contracted for 31 contract days and it took 61 contract days to get the tank back online, so 30 days over. He stated the contract allows for liquidated damages if the timeline is gone over, which could be \$54,250 assessed for the 30 days. He stated the tank does still have leaks, not only the previous but new leaks and there has been defects found near the roof and there could be more found. He stated the tank needed to get back online despite the leaks, with an estimate of 20,000 gallons of water going out in the leak for the winter.

Mr. Mayer stated liquidated damages pays for the additional costs to the city for having the tank not online and additional engineering costs. The total project contract cost is \$199,266 and the original construction engineering contract was \$8,500, but due to the issues with the project there was more onsite needed than anticipated and they have billed to date almost \$40,000 and have approximately \$13,000 unbilled. Mr. Mayer stated with the leaks still present, there could still be more engineering time needed when they come back to correct the issues. He stated the re-work

time that was taken on by the engineer was almost \$30,000 of the engineering overages alone. There is a retainage that can be held through the warranty, and it is approximately \$10,000 that can be withheld until they come back to fix the project or released with the pay application.

Mr. Mayer stated liquidated damages needs to be decided with pay application 2. Alderwoman Godfrey stated by withholding liquidated damages, it will break even for the City covering our additional costs. Mr. Bach stated the \$30,000 was for out-of-scope additional work that was needed that the engineer had to oversee. Alderwoman Rasmussen asked if it was because the water tank was in worse shape than we thought and PWD Hintz stated no it was because of contractor work performed and deficiencies with it. He stated the hope of the project was to extend the life of the tank because eventually we will have to increase the storage capabilities should homes build out. Alderwoman Godfrey asked if the \$30,000 includes the City's time and Water Commissioner Elletson stated it does not and there is going to be time and at least 200,000 gallons of water that will be wasted when the tank needs to be drained again. Alderwoman Godfrey asked if liquidated damages is withheld, if it will affect the relationship with the contractor and PWD Hintz stated they have done manhole work for the City and they use a good product for those projects and prevents us from having to replace them and Water Commissioner Elletson stated this contractor Advanced Lining is owned by Advanced Pump who not only purchased Russel Industries where we purchase pumps and equipment, but also is a representative of Microcom that our water systems are through including the scada system.

PWD Hintz stated it is his recommendation to get some liquidated damages to pay for City costs. Water Commissioner Elletson stated he agrees, and Interstate Engineering's additional time was necessary for the project. Mayor Norby asked if they will be able to actually stop the leaks without starting over completely and Mr. Mayer stated it is a concern that has been addressed to the contractor throughout the project and the question has been asked. Mr. Mayer stated the contractor is spending money to make the project right but it ultimately comes down to the performance, which was not adequate.

Mr. Click stated ensuring there is zero leaks in the end will be time consuming and include trial and error but Interstate Engineering will do their best to find and get them all corrected.

The Water/Sewer Committee discussed how much liquidated damages should be assessed while keeping in mind the continuing relationship with the contractor but not having rate payers have the burden of paying the additional costs.

Motion was made to recommend approval Pay Application 2 with assessing \$45,500 in liquidated damages and release the \$9,963.30 retainage by Alderwoman Godfrey and Alderman DiFonzo seconded. All present voted aye.

b. BDS Proposal

Deputy C/T Schmierer stated we currently use Billing Document Services for our online portal to pay water/sewer bills and view their usage. We have had the system for 5 years and it is connected to our Black Mountain software to give real time information for the online portal. Because it is a third party, they assess a 3.5% fee for online payments. She stated there is a need to update the website, which is happening regardless, to make it more user friendly for customers and gives us more availability to assist the customers with usernames, password resets etc. She stated when discussing the update with BDS, they discussed there is more services available. There is customer service automated system to make phone credit card payments, which is being done in the office instead, but there will be the 3.5% fee for the credit card payment and a \$1.50 fee for the call, but we currently do not charge a credit card processing fee in the office.

Deputy C/T Schmierer stated they also proposed switching credit card processors for all transactions within the city. By switching from Merchant Services to BDS for all credit card processing and to get the reduced fee rate of 1.45% instead of 3.5%, the City must pay for all credit card processing, including the online payments. Currently, the only processing fee not paid for by the City is the online payments, which is 3.5% on the customer and the city pays the 1.45% on all other credit payments. This will increase the City's cost on processing fees from approximately \$200-400 per month to \$800-900 per month. In return there are many benefits by switching including processing the payments online, which could be done from any computer for payments and possibly expanding online payments to include the other departments for the city such as the pool and building department.

Motion was made to recommend approval of using BDS for phone payments and online credit card processing with the City paying the 1.45% fee, reevaluating the city paying the fee's if needed by Alderman DiFonzo and Alderwoman Godfrey seconded. With no further discussion, all present voted aye.

Meeting was adjourned at 9:34am.