

Approved at the April 24, 2007 meeting

Flathead County Solid Waste District
Board of Directors Meeting
March 27, 2007 – **5:00 pm**
Landfill Office

1. Roll Call

Board Members present: Mike Eve, Chair; Nancy Askew, Board of Health; Dale Lauman, County Commissioner; Hank Olson, City of Kalispell and Bill Shaw, City of Columbia Falls. Absent: John Helton and Nathan Sande.

District Staff present: Director Dave Prunty, Foreman Jim Chilton and Recording Secretary Deborah Morine.

Attendees: Dan Lozar, Turner Askew and Steve Settle

2. Introductory Remarks from Chairman

Mike thanked everyone for attending.

3. Comments from public

Steve Settle of Settle Contracting stated he would like to reserve his comments until the Board discusses Action Agenda 5-B. Mike stated that he would give Mr. Settle time to speak during the public comment and if the Board wishes to address him during the Action Agenda, they may do so.

Mr. Settle addressed the Board and stated he was the low bidder on the road project. He had received a letter from Dave stating the second lowest bid was recommended to be accepted because of a dispute regarding the Creston Site project. Mr. Settle said the letter stated that the dispute has cost the District additional dollars. Mr. Settle said he and the District are working through the issues.

Mr. Settle stated that there is no evidence that they are incapable of doing the job. He said they were invited to bid on the road project by the engineers and they incurred costs in preparing the bid. He stated they are ready, willing and able, they are bonded, their bid was in order and he does not see any evidence anywhere that the bid should be considered non-responsive.

Mike asked if there were any other comments from the public. There were no other comments

4. Approval of the Board Meeting Minutes for February 27, 2007

Hank Olson moved to adopt the minutes of February 27, 2007. Dale Lauman seconded. Motion passed.

5. Action Agenda

a. Budget Amendment for Heavy Equipment Repair

Included in the Capital Improvement Plan (CIP) prepared last fall is the replacement of the refuse compactor in the next fiscal year. Due to some major repairs done last year to this machine, it is prudent to replace the 980G wheel loader first and the compactor the following year. Dave has investigated the option of performing a Certified Rebuild of this machine instead of purchasing a new one. This rebuild service is performed by the CAT dealer in Kalispell, with oversight from their corporate headquarters. The machine will be stripped down to the frame and rebuilt with new or re-manufactured parts. Each part is inspected and if it is not within tolerances to last up to 20,000 hours, a new one is installed. The machine will be for all purposes a brand new machine. It is given a new serial number when the work is done.

We had hoped to have this work done next winter. The preventative maintenance program (oil sampling and analysis) has shown an increase in heavy metals which indicates excessive wear within the machine (hydraulic system in this case). It will be more cost effective to start the repair now instead of risking the potential of catastrophic failure in the system. The CAT dealer has estimate the rebuild price at \$200,000 to \$225,000. This is about 50% less than purchase of a new machine. To perform this work now, a budget amendment will need to be approved by the County Commissioners. The money for this project will come from our equipment replacement fund, which currently has a little over \$1,000,000. Dave recommends that we increase the amount to \$250,000 to cover any unknowns that are discovered as the machine is dismantled and re-built.

Hank Olson moved to recommend that the County Commission amend the Solid Waste District operating budget to include \$250,000 for fiscal year 2007 to perform the Caterpillar certified rebuild of the District's 980G wheel loader. Nancy Askew seconded. Motion passed.

b. Award of Disposal Road Construction Project

The District received four bids to perform the construction project to re-build the entry road to the landfill. The project consists of rebuilding approximately 500 linear feet of the asphalt roadway. The bids are as follows:

1.	Settle Contracting	\$98,336.40
2.	LHC	\$98,977.20
3.	Schellinger	\$114,972.00
4.	JTL	\$115,280.00

Settle Contracting is the apparent low bidder. In 2005, Settle Contracting was our contractor for the Creston Container Site Improvement project. They completed that job in September, 2005. During the construction, there were some construction issues that caused problems and increased expense to the District. Settle imported gravel material that did not

meet the project specifications. In January, 2007, 17 months after substantial completion, Settle made application for six construction change orders for that project totaling over \$26,000.00. They also had not provided an approved close-out invoice for the project totaling \$15,528.52. Dave has had two meetings with the contractor and our engineer over this matter and it is currently not resolved. The District paid the close out invoice last month. There is language in the project specifications that deal with timeliness of claims. The contractor has not met those requirements. This work has taken staff and our engineer's time that is costly to the District.

After reviewing this situation with Jonathan Smith Deputy Flathead County Attorney and the engineer, Dave is recommending that the District disqualify Settle Contracting, Inc., as a non-responsive bidder, per the Instructions to Bidders, Method of Award, page 5, 6.f. of the project specifications.

Section 6.f. states: "In determining whether a bidder is properly qualified to carry out the obligations of the Agreement and to complete the work contemplated therein, the Owner reserves the right to apply the highest standards in evaluating a Bidder's professionalism, skill, responsibility and reputation."

The Board discussed bid procedures and professional opinions.

Hank Olson moved to disqualify Settle Contracting, Inc., as a non-responsive bidder for the Disposal Road Construction project based upon section 6.f. in the Instructions to Bidders of the project specifications. Bill Shaw seconded. Motion passed unanimously.

Hank invited Mr. Settle to address the Board if he wished.

Mr. Settle stated that while 17 months is technically correct; he had submitted a pay request to the engineer at the end of September 2005, but it was not acted upon. He said he had communicated by e-mail a couple times with the engineer's office during 2006 to resolve the issue, but did not get a response from them. Mr. Settle said it is inappropriate to lay all the blame on the contractor. He acknowledged he should have taken quicker action to get the matter settled, but did finally hand deliver the construction change order request to the District office in January 2007. He challenges the letter from the engineer that states he is considered non-responsive. He stated he does not appreciate having been invited to bid the job and wasting his time and money in preparing the bid. He consulted his attorney and said there is nothing in the conduct of the discussion of the green box site that merits this contractor as non-responsive for this bid. In conclusion, Mr. Settle stated they didn't wait 17 months to make the final pay request, they had submitted it three weeks after the completion of the project and made periodic request through 2006. Then finally hand delivered the pay request in January 2007.

Dave explained that the engineers could find no record of the purported pay request from Mr. Settle, nor could they confirm any other communication during 2006. He stated we have a filed a substantial completion form and that the project is closed out. Dave stated that he and the engineer did talk with Mr. Settle last spring after a pre-bid conference for the Somers site project and asked him to get final invoices to the engineers before the end of the

fiscal year. Dave said we owed about ten-thousand dollars for bid work and about five-thousand in retention monies. Mr. Settle turned in those invoices in February to the engineer and they were paid within a week or two.

There were discussions among the Board members.

Mike Eve asked the Board if they would approve refunding the \$40.00 cost of the plans to Mr. Settle.

Hank Olson moved to refund \$40.00 to Mr. Settle for the cost of the road construction plans. Nancy Askew seconded. Motion passed.

Mike Eve asked for a motion to award the Road Construction project to LHC Inc.

Hank Olson moved to award the Disposal Road Construction project to LHC, Inc., for \$98,977.20 and authorize the Director to execute the contract documents. Bill Shaw seconded. Motion passed unanimously.

6. Director's Report

a. Assessment and Tonnage Rate Adjustment for Fiscal Year 2007/2008

Included in the Board packets are calculations for adjusting the fees for the next two to three years. Last month the Board asked for two different scenarios to be analyzed. The first is an increase in both the assessment unit cost for residential and commercial customers and the gate fee over a two year period. The second scenario is an increase over a three year period. In both cases the increase would occur in the first year with no increase in the following year(s). The increases were calculated at 8% for both the unit cost and the gate. The increases are shown below:

<u>Current Assessment</u>	<u>New Assessment</u>	<u>Current Gate</u>	<u>New Gate</u>
\$74.75/year	\$80.73/year	\$28.75/ton	\$31.05/ton

As shown in the accompanying spreadsheets, the increase in rates should allow for an acceptable straight line to gradual increase of the ending working capital balance for the District. Dave recommends that the 8% increase be used for only two fiscal years and then the rates be analyzed again prior to the budget cycle for fiscal year 2010. That will give the District a little more flexibility to either hold rates level or increase them again at a rate to be determined.

The process to increase the fees is after the District approves a motion with the new rates, we will then publish a notice of the intentions of the District Board. A public meeting would then occur before our board to allow anyone to comment on the proposed changes. The District could then adopt a resolution approving the changes and requesting that the Board of County Commissioners approve them. The County Commissioners then would pass a resolution of intent to approve the increases and publish notice thereof and notice that if sufficient protests are received the board will hold a public hearing. After the hearing or

after the protest period is over without sufficient protests, the County Commissioners can adopt a resolution approving the change.

b. Fee Waiver Policy for the District

Dave had provided information to draft the resolution to Jonathan Smith at the County Attorney's Office. Jon has been out of town for a while and has not had a chance to complete this project.

Staff inquired with the Finance Department about the ability to include a line item in our budget to track the dollars associated with this free disposal. They said we could not include it in the budget because there is no transaction that occurs. As we receive no revenue for this project. We researched last year's community clean up events and we received approximately 12 tons of material, or correspondingly \$345.00 in lost revenue. We will start to track this volume now as a separate commodity code and show it on our monthly landfill tonnage summary for the Board's information.

c. Preliminary Fiscal 2007/2008 Budget

The preliminary budget has been prepared for the Solid Waste District. One budget is for the solid waste operations and the second is for the junk vehicle program. The solid waste budget is being prepared with our current assessment and gate fee rates. Revenues are currently projected at \$5,725,000. Expenses total \$6,059,803 after the transfer from the equipment replacement fund is deducted from the total. Projects that were included in the capital improvement plan are included in this budget. Transfers of \$600,000 will be made to both the liner trust fund and the closure and post closure trust. Revenues are projected at our current assessment and gate rates. Assuming the County Commissioners approve the rate increase, the revenue projections will increase by approximately \$440,000 (for a total revenue of \$6,165,000).

The junk vehicle budget revenue is received from a grant from the Montana Dept. of Environmental Quality. We have assumed the revenue to be the same as last years grant at this time. This will be when DEQ provides updated information to us regarding this years grant. Expenses for this program total \$111,015 with the remaining dollars (\$5,415) being transferred to the CIP fund for the program. Capital projects included in the Junk Vehicle budget include the installation of a hydraulic vehicle hoist to increase the safe and efficient removal of vehicle fluids and some fencing around the junk vehicle pen.

d. Refuse Operations

Operations proceeded well for February. Tonnage/Volumes are shown below:

	<u>February</u>
Total MSW to landfill	7,403.25
Total Appliances Collected	562
Junk Vehicles Collected	7
Truck Trips to Landfill	443
Refuse tons/trip	6.53

- e. Budget
- f. Financial Reports

Dave reviewed the Budget and Financial Reports with the Board.

7. Comments from Board Members

Hank stated his concern about the apparent low bidder, we need to be cautious and that taking the low bidder is not always good. He thinks we should see if there is ways to not have to take low bids.

Mike stated the laws are written to protect the local government. Cheaper isn't always better.

Hank also said the City of Kalispell will be purchasing some recycling bins to place around town and he had read an article about a company in New York that is making counter tops out of recycled glass.

Dale stated that he thinks the internal audit that the Finance Department is conducting is going well and asked Dave for his opinion once they do the audit at the landfill on Thursday.

Mike thanked the Board for their time.

8. Adjournment

The meeting was adjourned at 6:34 p.m.