BOARD OF WATER COMMISSIONERS

June 3, 2008

Vice President Zanmiller called the meeting to order at 5 p.m. in the Committee Hearing Room 330, City Hall.

Role call.

Present: Vice President Zanmiller, Commissioners Anfang, Carter III and Rossbach.

Excused: President Harris.

Commissioner Bostrom arrived during Item No. 6.

Commissioner Kleindl arrived during Item No. 5.

Lisa Veith, Board Attorney; Sandra Bodensteiner, City of Saint Paul Risk Management; Greg Haupt, EMA, Dave Schuler, Chief Engineer, Steve Gleason, Pete Davis, John Blackstone, Bill Tschida, Saint Paul Regional Water Services.

Consent Agenda Items Nos. 1 through 4 were moved for approval by Commissioner Carter as follows:

CONSENT AGENDA:

- 1. Approval of the Minutes of the regular meeting of May 2008.
- 2 Approval of the Financial Statements for the month of April 2008.
- 3. Resolution No. 6092 pertaining to a private water main agreement with K. Hovnanian Homes of Minnesota, L.L.C., to supply water to Heritage Square Fifth Addition at County Road D East and Maplewood Drive in the City of Maplewood.

WHEREAS, K. Hovnanian Homes of Minnesota, L.L.C. has requested permission to install a private water main to serve Heritage Square Fifth Addition, in the City of Maplewood, with domestic water service and fire protection; and

WHEREAS, K. Hovnanian Homes of Minnesota, L.L.C. proposes to construct the private water main according to Saint Paul Regional Water Services Standards and agrees to accept full responsibility for the maintenance and repair of the private water main and hold the Board of Water Commissioners harmless from all claims that may arise from the existence or operation of the private water main; and

WHEREAS, staff has prepared a Private Water Main Agreement which sets forth those terms and conditions required by the city attorney's office for the installation and operation of a private water main, and Saint Paul Regional Water Services General Manager recommends approval of said Agreement, now, therefore, be it

RESOLVED, that the Board of Water Commissioners hereby approves the Private Water Main agreement with K. Hovnanian Homes, L.L.C. to provide domestic water service and fire protection to Heritage Square Fifth Addition, in the City of Maplewood, in substantially the form submitted and that the proper officers of the Board are hereby authorized and directed to execute said Private Water Main Agreement on behalf of the Board, following approval of the assistant city attorney.

4. Resolution No. 6093 pertaining to a private water main agreement with Trails Edge Townhomes

Limited Partnership, to supply water to Trails Edge Townhomes at Larpenteur Avenue East and

Century Avenue in the City of Maplewood.

WHEREAS, Trails Edge Townhomes Limited Partnership has requested permission to install a private water main to serve Trails Edge Townhomes, in the City of Maplewood, with domestic water service and fire protection; and

WHEREAS, Trails Edge Townhomes Limited Partnership proposes to construct the private water main according to Saint Paul Regional Water Services Standards and agrees to accept full responsibility for the maintenance and repair of the private water main and hold the Board of Water Commissioners harmless from all claims that may arise from the existence or operation of the private water main, and

WHEREAS, staff has prepared a Private Water Main Agreement which sets forth those terms and conditions required by the city attorney's office for the installation and operation of a private water main, and Saint Paul Regional Water Services General Manager recommends approval of said Agreement; now, therefore, be it

RESOLVED, that the Board of Water Commissioners hereby approves the Private Water Main agreement with Trails Edge Townhomes Limited Partnership to provide domestic water service and fire protection to Trails Edge Townhomes, in the City of Maplewood, in substantially the form submitted and that the proper officers of the Board are hereby authorized and directed to execute said Private Water Main Agreement on behalf of the Board, following approval of the assistant city attorney.

Approved. Yeas - 4 Nays - 0

ACTION ITEMS:

Item No. 6 was heard before other Action Items.

6. Resolution No. 6095 pertaining to settlement of claims by Westbrook Development, LLC and Carlson-Lavine, Inc. regarding a loss at 225 West University Avenue, Saint Paul, MN.

Mr. Schneider explained that the approval would settle all claims against the Board for damages resulting from a November 2007 leak on a new 8-inch service connection to the old Saxon Ford building.

During testing of the new service, a fitting leaked and caused a collapse of the basement wall. The leak was a result of our crew not tightening all the fitting bolts. The total settlement amount of \$49,592.30 resolves all claims.

Vice President Zanmiller asked if the settlement is an appropriate amount.

Sandra Bodensteiner, Claims Manager for the City of St. Paul, stated that she reviewed and approved all expense claims. These included large expenses, such as shoring up the wall before rebuilding, rebuilding the wall, retesting the sprinkler system, installing a new electrical service, providing an architectural consultant; as well as small ones, such as a recycling dumpster and a Porta-Potty.

Commissioner Rossbach asked how this mistake could be avoided in the future.

Mr. Schneider replied that he is currently in discussion with his managers about that very question. Mistakes of this kind are very rare, but they do happen. Service installations are pressure tested to catch rare mistakes like this, but in this case, the blowout happened during the test and in the worst possible location, against a building wall.

It doesn't appear we need to revise our procedures as a result of this incident, but we have made all crews aware of this consequence and have re-emphasized procedures and checklists.

Resolution No. 6095 was moved for approval by Commissioner Rossbach as follows:

RESOLVED, that, upon execution and delivery of a release in full to the Board of Water Commissioners, the proper Board officers are hereby authorized and directed to pay from the Injuries and Damages fund, Activity 850-28171-0511 Westbrook Development LLC, the sum of \$28,875.91 in full settlement of a claim for damages sustained on February 6, 2008 at 225 West University Avenue, Saint Paul, MN.

Approved Yeas - 4 Nays - 0

Resolution No. 6094 pertaining to an agreement with Advanced Utility Systems to provide professional services associated with the implementation of a Customer Information and Billing System.

Mr. Schneider explained that the resolution addresses the \$1,011,000 professional services portion of the Customer Information System (CIS) software package, which in total amounts to payments of approximately \$1,600,000 to Advanced Utility Systems. Greg Haupt from EMA, the Board's CIS consultant, is here to present a background and status report on the project.

Greg Haupt presented a power-point presentation, attached to the minutes.

Mr. Schneider explained that an RFP for the software package resulted in the selection of three finalists for further consideration. From these, the selection committee chose the firm of Advanced Utility Systems and began negotiations, which the City's Contract and Analysis and City Attorneys Office was heavily involved in. This resulting package represents an excellent product at a very competitive price.

Vice President Zanmiller noted that two of the three finalists were associated with The Harris Company and wondered if there was any chance of collusion between them.

Mr. Haupt explained that The Harris Company acquired a number of smaller software companies over the past decade, including four different CIS companies, which are independent and regularly compete with each other. Mike Brick of the City's Contract and Analysis department required that the two Harris-associated finalists sign a mutual non-disclosure agreement to avoid collusion.

Resolution No. 6094 was moved for approval by Commissioner Bostrom as follows:

WHEREAS, the Board of Water Commissioners desires to obtain professional services support for its Customer Information Software Solution project; and

WHEREAS, staff did solicit proposals from firms qualified to provide said services, and from such proposers does recommend the firm of Advanced Utility Systems; and

WHEREAS, staff from Saint Paul Regional Water Services and City of Saint Paul Contracts and Analysis negotiated an agreement which sets forth the specifications for providing said services at a cost not to exceed \$1,011,400, and staff does recommend approval of said agreement; now, therefore, be it

RESOLVED, that the Agreement between the Board of Water Commissioners and Advanced Utility Systems to provide professional consulting services support for the Board's Customer Information Software Solution project is hereby approved at a cost not to exceed \$1,011,400, and that the proper officers are hereby authorized and directed to execute said Agreement on behalf of the Board.

Approved.

Yeas - 6

Nays - 0

DISCUSSION ITEM:

7. Proposed rents for backhaul equipment at water tower sites. (attachment)

Mr. Schneider explained that staff is looking for direction on rent to be charged for a new technology to be installed on water towers. The equipment is called "backhaul", and it provides the behind the scenes support of cell phone companies already on the towers. The equipment takes up about a third of the space used by cell phone companies, for which new installation rent is \$27,000 per year. That amount is the result of the Board directing staff to charge new lessees the same amount as the highest current rent for similar installations. Staff is recommending annual rent for backhaul installations to be one third of that amount, or \$9,000, based on the amount of space it requires and the average of two installations of similar size, XM Satellite and PageNet.

Vice President Zanmiller invited Mr. Bill Tschida to come forward for questions, and asked why the rent for backhaul shouldn't be \$9,600, the same amount as the highest rent of XM Satellite and PageNet.

Mr. Tschida stated there was no reason the rent couldn't be that amount, and that it would indeed be consistent with the Board's direction regarding cell phone tower rents.

The Board directed that staff establish 2008 rent of \$9,600 for backhaul equipment at water tower sites.

GENERAL MANAGER'S REPORT

 Saint Paul Regional Water Services employees have volunteered to work on the City's Habitat For Humanity house on June 17, each using one day's vacation to do so.

Commissioner Anfang moved that the Board donate \$500 towards lunch and refreshments for the volunteers

Approved.

Yeas - 6

Nays - 0

- Commissioners Carter and Kleindl and Steve Schneider will attend the American Water Works
 Association's annual conference and exposition in Atlanta, Georgia.
- 3. July Board meeting items
 - 2009 budget presentation.
 - Agreement with EMA to provide improvements to the Computerized Maintenance
 Management System.
 - Recommendations from CDM concerning prevention and containment of invasive species in source waters.
- Dave Schuler will be acting General Manager during Steve Schneider's absence from June 23 to
 July 7, 2008

The meeting was adjourned at 5:55 pm.

Attest:

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Vice President