



**TOWN OF MIAMI
Wastewater Advisory Board Meeting
Wastewater Collection System Replacement Project**

THURSDAY, OCTOBER 23, 2014 AT 4:00 PM
MIAMI TOWN COUNCIL CHAMBERS
500 W SULLIVAN STREET, MIAMI, ARIZONA 85539

Meeting Minutes

I. Call to Order

Meeting was called to order at 4:00 pm by Jay Spehar.

II. Roll Call

PRESENT: Rick Powers, Jerry Barnes, Jay Spehar,
ABSENT: Ray Webb, John Trujillo

III. Approval of Minutes

a. Approval of Minutes from the September 18, 2014 Meeting

- Jerry Barnes motioned to approve the minutes of the September 18, 2014 meeting. Motion was seconded by Rick Powers – All in favor.

IV. New Business

a. **Project Status Update** – Ron Hilgart provided an update on the project status:

- **Phase 1 – Closeout** – The only remaining item for Phase 1A and 1B closeout is waiting on ADEQ Approval of Construction. A check in the amount of \$1,000 was just recently submitted to ADEQ so that they could reapprove the plans and issue their Approval of Construction and Authorization to Discharge.
- **Phase 2 Easement Status** – All easements have now been acquired. The last easement had to go through a condemnation process. A hearing was held on October 17th, at which time the judge issued immediate possession for the one remaining easement. With the acquisition of the one remaining easement, the Town Attorney will now prepare a certificate confirming that all easements are in

place which will be submitted to USDA. Chairman Spehar congratulated the team on completing the easement acquisition process.

- **Mackey Camp Area** – HILGARTWILSON requested that USDA allow a separate construction sub-phase for repair work within the Mackey Camp area in an attempt to beat the winter rains. After significant discussions, USDA decided that this would not be allowed. Jerry Barnes asked if the bid documents for Phase 2 could include a separate timeline for the Mackey Camp area. Ron Hilgart reported that this had been discussed with USDA and would be done. Wes Sukosky noted that the winter rains usually come in January.
- **Financial Information** – In order to proceed with the balance of the Phase 2 closing, certain financial information is required by USDA. One of those items is being current with audits. Audits are still not current but one more audit was completed and the Town submitted a memo to USDA giving the schedule for completion of the remaining audits. USDA appears to be satisfied with this and it is believed the audits will not hold up the Phase 2 closing.

The other financial issue pertaining to the Phase 2 closing is rate increases. The USDA Letter of Conditions originally approving the grants and loans required that rates be increased to the extent necessary to cover the costs of providing wastewater service, including debt service. Economist.com was previously hired to prepare a rate study. The rate study indicated that a series of rate increases would need to occur. One rate increase occurred but subsequent rate increases did not occur. USDA's initial position was that the rate increases need to be adopted prior to the closing of the balance of Phase 2 funding. After negotiating with USDA, they indicated they would be willing to accept a resolution from the Town Council acknowledging and committing to moving forward with the necessary rate increases. The resolution is also to direct the Town Manager to take all steps necessary to collect amounts owed to the Town by residents for their wastewater service. The resolution is scheduled to go before the Town Council at next Monday's meeting. Meanwhile, Economist.com has been retained to update the rate study. Jerry Barnes asked whether it was absolute that rates will need to be increased or could the Economist.com study indicate that rate increases are not necessary. Ron Hilgart and Joe Heatherly both indicated that there was virtually no chance that rate increases would not be required and that there is not enough revenue from the current rates to pay for operations and maintenance without debt service. Joe Heatherly reported that past due accounts receivables are currently approximately \$340,000, of which some would not be collectable. The schedule was reviewed which indicated that, if the resolution was passed, the Phase 2 closing could occur as early as the end of November, with the bidding of Phase 2 shortly thereafter.

- **Budget** – The overall budget for the project was reviewed. It was noted that the overall budget is currently at \$24,320,000 which is still within the original budget. There has been some cost overruns, however, these have been offset by a decrease in the cost of the lagoon closure, which is no longer going to be a project cost as FMMI handled the lagoon closure at no cost to the Town. The advisory board was cautioned that the projected construction costs within the budget are still based on the original preliminary engineering report and no allowance for inflation has been

included. Considering that several years have gone by, actual construction costs could come in higher which would put the project over budget. It was noted that contractors may aggressively bid the project as the economy has not fully recovered.

- **Phases 3 through 5** – A summary of the Phases 3 through 5 easement acquisition process was provided. 56 easements are required. 39 title reports have been received. The Town Attorney's office has reviewed and provided memorandums on 38 of those title reports. Several of the legal descriptions and exhibits have been prepared by AMEC with more to come shortly. A proposal has been obtained from an appraiser to provide the appraisals for the easements. AMEC is under contract to help expedite the easement acquisition process once the legal descriptions and appraisal are complete. There is concern that AMEC cannot legally go door-to-door and approach property owners on behalf of the Town. Per the Town Attorney, either a real estate broker or a town employee must be present. The Town Manager has offered to provide a town employee to be present with AMEC as they approach property owners.

The Phase 3 through 5 design is mostly complete but AMEC so as to preserve remaining WIFA funds. A schedule will be prepared for the completion of the easement acquisitions and the completion of final design of Phases 3 through 5.

- **WIFA Loan** – A summary of WIFA expenses to date and anticipated expenses yet to be charged to the WIFA loan was reviewed. This summary will be updated on a monthly basis. The summary indicated that there were adequate WIFA funds to complete the Phase 3 through 5 easement acquisition process and design until such time as the WIFA loan can be replaced with the permanent USDA financing.

b. Payment Applications

- **AMEC revised pay application #11** – An invoice in the amount of \$43,901.76 for one month of design, program management, and construction management services was reviewed. It was noted that this invoice was previously recommended for approval by the WWAB in the amount of \$45,901.76. This is an amended pay application which reduces the total amount by \$2,000. The \$2,000 was included as a reimbursable because that amount was previously paid by HILGARTWILSON for a submittal fee to ADEQ. When the pay application went to USDA for concurrence, they rejected reimbursement of the \$2,000 and indicated that it would have to follow on a future invoice after such time a change order was approved to reflect the \$2,000 cost. Thus, this invoice is for \$2,000 less than the original invoice. Motion was made by Rick Powers to recommend to the Town Council approval of the invoice in the amount of \$43,901.76. Seconded by Jerry Barnes. All in favor.
- **AMEC pay application #12** – An invoice in the amount of \$72,326.15 for three months of design and construction management services for AMEC was reviewed. Approximately \$39,000 of the invoice will be included in the WIFA disbursement with the other \$33,000 included in USDA disbursement. The Town confirmed that they had reviewed the invoice and found it to be in order. A motion was made by Jerry Barnes to recommend to the Town Council approval of Pay Application #12 in

the amount of \$72,326.15 subject to USDA concurrence. Seconded by Rick Powers. All in favor.

- **Curtis, Goodwin, Sullivan, Udall, and Schwab** – An invoice in the amount of \$15,400.41, for legal services by Curtis, Goodwin, Sullivan, Udall, and Schwab was reviewed. All of this invoice will be processed through USDA. In the future, all invoices will be split between Phase 2 and Phases 3 through 5 so that the appropriate portion can be charged to USDA and WIFA. Motion was made by Jerry Barnes to recommend to the Town Council approval of the invoice in the amount of \$15,400.41 subject to USDA concurrence. All in favor.
 - **Arizona Eastern Railway Company – Pay Application #2** – This invoice is in the amount of \$1,191.24 for fees associated with the use of railway property for proposed sewer improvements. This amount was erroneously not included within the first pay application and is for taxes on the amount previously paid. After much discussion, Jerry Barnes made a motion to recommend to Town Council approval of this AERR Pay Application #2 in the amount of \$1,191.24 subject to USDA concurrence. Seconded by Rick Powers. All in favor.
- c. **Dennis L. Lopez & Associates Contract** – A contract in the amount of \$19,600 for providing restricted appraisals for Phase 3 through 5 easements was presented and discussed. It was noted that the amount of the proposal can be adjusted downward if fewer easements are required to be appraised. Chairman Spehar asked whether or not it was critical to approve this contract at this time. Ron Hilgart stated that it is, as the easement acquisition process for Phase 3 through 5 cannot be completed and the WIFA loan amount cannot be replaced by USDA financing until such time that all easements are acquired. Motion was made by Jerry Barnes and seconded by Rick Powers to recommend to Town Council approval of the Dennis L. Lopez & Associates contract in the amount of \$19,600. All in favor.
- d. **Amendment to AMEC Contract Amendment No. 24** – This item was tabled as USDA has not completed their review of the amendment.
- e. **Public Comment** – There are no comments from the public.

V. Adjournment:

- Jay Spehar motioned to adjourn the meeting. Jerry Barnes seconded the motion. All in favor. The meeting was adjourned at 5:00 p.m.