



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

THURSDAY, JANUARY 21, 2016 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 4:01 pm by Jay Spehar.

II. Roll Call

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

ABSENT: None

III. Approval of Minutes

a. Approval of Minutes from the December 17, 2015 Meeting

- Jerry Barnes motioned to approve the minutes of the December 17, 2015 meeting. Motion was seconded by Ray Webb – All in favor.

IV. New Business

a. **Project Status Update**

Mark Ipson provided an update on the project.

- Phase 2 Construction:
 - The schedule for processing pay applications was reviewed. HILGARTWILSON will send the pay applications to the WWAB the Friday before the WWAB meeting. The WWAB meets on the third Thursday of each month, and Town Council will approve the pay applications on the fourth Monday of the month. The pay applications are then routed to USDA for final review and approval. The most recent pay applications are still under review by USDA.
 - The manhole replacement in the Mackey Camp area is complete. AMEC and Kinkaid are negotiating the price for the other sewer repairs recommended in Mackey Camp.

- Jameson Owen, project manager for Kinkaid, updated the WWAB on the most recent construction progress. Over the past month, Kinkaid has been focused on the sewer main replacement in the FMI area at the east end of Town. They have installed the main from the eastern connection point at the existing sewer, westward to New Street. There will be two closures at New Street next week, and these have been coordinated with FMI. After crossing New Street, the line will continue west through Gordon Street in the next several weeks. Steel casings for the sewer main crossings at the railroad spur and US-60 have been installed and jack and bore operations are currently underway at Kent Street. APS is in the process of removing old contaminated soil at the public works yard in advance of Kinkaid's sewer installation. Kinkaid is also doing advance survey and utility potholing work throughout Town.
- Additional discussion was held regarding the closure of New Street. There is a two day closure planned for the turn lane, and subsequently a two day closure planned for New Street.
- Discussion was held regarding the progress of AMEC's evaluation and coordination with Kinkaid for the pricing of the Mackey Camp repairs.
- Discussion was held regarding the Kent Street crossing and a waterline break near the Jack and Bore pits. The water main had too small of a thrust block. At the public works yard, a potentially high pressure water main is being evaluated to determine if it needs to be relocated for the sewer installation.
- A detailed construction schedule was provided in the board members' packets. The revised schedule was discussed. Kinkaid noted that this is the second revision to the construction schedule and that the scheduled has been extended out due to the delays associated with the work not being able to move forward at Canyon Avenue because of the gas line conflict. The substantial completion date per the original contract is June 22nd, and the revised substantial completion date shown on the updated budget is September 1st. The final completion per the contract is July 22nd and the revised schedule now shows final completion on September 30th. The WWAB requested that a revision number be added to the schedule and that the schedule also be updated to show the baseline (original) project schedule, together with the revised schedule for comparison. Kinkaid will make the requested updates for future schedules.
- A discussion was held regarding utility conflicts, the allowance for unknown utilities, and change orders that are currently being negotiated between The Town, AMEC and Kinkaid. The WWAB packets include a change order log and a summary of the requests to charge against the unknown utility allowance. The original allowance for unknown utilities was \$50,000. Each unknown utility conflict is itemized on the allowance log, and the requested amounts for each unknown utility conflict have been reviewed, negotiated and approved by AMEC. As of the date of the allowance spreadsheet (January 8, 2016), the remaining available allowance for unknown utilities is approximately \$19,000. Mike Manygoats, the Resident Project Representative (RPR) for AMEC, reviews the information on the change orders and allowance requests in the field, then AMEC further reviews them in the office and prepares the allowance summaries.
- The new gas line in Canyon Avenue, which was installed in direct conflict with the proposed sewer main alignment, was discussed. Southwest Gas had received the sewer plans prior to the gas main installation. The WWAB noted

that the Town should recoup the cost for the redesign and any added cost for construction of the sewer main along Canyon Avenue, which additional costs result from the Southwest Gas main being in the way of the sewer alignment. It was also noted that the unknown utility allowance summary does not include any requests for the Canyon Avenue gas line issue.

- Discussion was held regarding unknown utilities and the process for identifying utilities during the design and construction phases. During design, utility companies provided AMEC with their utility maps. During the Phase 2 construction, AMEC has also requested updated plans for the new gas main. Utility companies do not bluestake for design purposes, as they only bluestake for construction. About half of the utilities on the unknown utility allowance requests were not bluestaked at the time of construction, indicating that none of the utilities knew the lines were there. Kinkaid has found various unknown utilities including force mains, gas mains, fiber optic, and a carrier pipe for another line that might have been an acid line. Kinkaid has a pothole crew potholing ahead of construction to locate the utilities that are marked by bluestake in an active approach to identify utility conflicts early.
- Additional discussion was held regarding the Southwest Gas line in Canyon Avenue. AMEC provided background on the conflict, noting that Southwest Gas installed the new gas line right where the sewer main was planned to be placed. AMEC investigated whether minor adjustments could be made to the sewer main alignment to avoid the gas main, but found that a major adjustment would be needed. They also have started to look into completely realigning the main, but so far have found it difficult to identify a good alignment due to the bypass pumping that would be required for each lot connected to the existing main while the new main is installed. AMEC believes it is best to take a more detailed look at the alignment and prepare a full redesign of that line. AMEC is starting to prepare a proposal for the proposed redesign, identifying the design and construction cost implications for a redesigned alignment. AMEC will prepare a summary of the cost impacts and identify how the alignment can be value engineered to minimize construction costs in the Canyon Avenue area.
- A question was asked about the process AMEC went through to get input from the various utilities along the proposed sewer alignments. AMEC responded that plans were sent to all utilities, that meetings were held with the utilities, and that the gas company was at the utility meetings. Plans were submitted to the utilities at the 30%, 60%, and 90% completion stages. Additional discussion was held regarding the installation of the gas line and whether or not the old and new gas lines in Canyon Avenue are in their own easement or in the Town's right of way. Discussion was also held about whether or not the Town has documentation of any gas company coordination with the Town for installing the gas line in the right-of-way. The Town does not have any records from public works that show such coordination. The gas line was installed about a year ago, and when it was installed, the gas company just cut the ends of the old line and ran the new lines parallel to the old lines. Jerry Barnes noted that AMEC kept Southwest Gas very well informed of the proposed sewer main alignment and that new gas lines have also been installed throughout the future phases, as well, so things should be worked out with Southwest Gas as quickly as possible. Jay Spehar noted that the Town may have some recourse, and that such recourse needs to be investigated. Concern was expressed about how many gas lines may be conflicting with future Phase 3, 4, and 5 sewer

alignments, and discussion was held regarding the franchise agreement and prior rights for utility installation. Jay Spehar noted that someone needs to nail down the facts as to the circumstances around the gas line installation and whether or not the gas line is in Town right-of-way.

- AMEC provided a brief review of several change orders that have been discussed with the Contractor and the Town to date, including change orders for adding additional allowance for unknown utility conflicts, a manhole that had to be modified to go around a utility, for fees associated with the Arizona Eastern Railroad (AERR) right of entry (ROE), and service connections for the rod plant, which were not anticipated on the plans. Further discussion was held regarding the change order spreadsheet and annotation on the spreadsheet that seemed to conflict with AMEC's recommendations in the meeting. AMEC will clarify the spreadsheet for the next WWAB meeting. Some of the change orders listed on the spreadsheet are included on the agenda for the WWAB approval, and others are not, as they are still being negotiated with the contractor. Additional discussion was held regarding modifications that can be made to clarify the change order log, including clarification on the status of the change orders and whether or not AMEC is recommending approval to the Town.
- An overview was provided for change order #6-5, which is for a \$6,969.58 increase in the contract price to cover costs incurred for the railroad ROE permits. Mayor Dalley asked if it was known that the right of entry permits would be required for construction. Mark Ipson responded that it was known that those permits would be required, and the Phase 2 specifications state that the Contractor is responsible for the ROE permits. In Kinkaid's change order request, Kinkaid notes that copies of the AERR permits, which were between the Town and AERR, were included in Addendum #2, and that they interpreted the permits as stating that the Town, and not the contractor, is responsible for the ROE permit costs. AMEC replied to Kinkaid's request with a letter stating that the AERR permits were agreements between AERR and the Town, and that the specifications state the contractor is on the hook for those costs. AMEC has since had additional discussions with the Town regarding this matter. There was no intention on the Town's part for Addendum #2 to change the wording of the specifications, although the addendum could potentially be interpreted that way since the permits were attached to the addendum. AMEC stated that because it could be interpreted that way, after discussion with the Town, AMEC decided that this is a valid change order and is now recommending approval.
- Councilman Reiman stated that additional clarification should be provided about the change orders so that Town Council and the WWAB have a clear understanding of the recommended change orders. It was clarified that the change order discussion taking place at this point in the meeting was for informational purposes only, and that the change orders were not being decided on at this time.
- A budget update was provided. The overall project is still on budget. The Phase 3-5 easements must be put in place quickly, however, as the final lump sum repayment to WIFA is due on July 1, 2016. This lump sum will

need to be paid using USDA funds. However, the Phase 3-5 USDA funding cannot close until all of the Phase 3-5 easements are in place.

- Phase 3-5 Easement Acquisition Update:
 - Dale Metz is working on the outstanding easements, coordinating with AMEC, HILGARTWILSON, and Susan Goodwin to get the Phase 3-5 easements finished up. Dale reported that there are approximately 15 outstanding easements out of the original 47 required easements for Phases 3-5. Of those outstanding easements, there is one landowner that cannot be located. For some of the other outstanding easements, the property owner has died and the property was never transferred to the kids. The Town is working through these issues. About ten of the remaining easements are running through the normal process toward approval.
 - Discussion was held about the WIFA budget amount remaining for Susan Goodwin's work on the Phase 3-5 easements and it was noted that the remaining budget amount reflects the original budget identified at the beginning of the project, and that it is anticipated the final cost will be less than that shown. To date, there is still approximately \$120,000 left in the WIFA loan for the Phase 3-5 easements.

b. Change Orders

- Change Order #AFW01, for a \$50,000.00 increase in Kinkaid Civil Construction's contract price, increasing the allowance for conflicts with un-marked and unknown utilities and below grade structures was discussed. Brian McBride with AMEC explained that the original \$50,000 allowance amount was somewhat arbitrary, but that it was purposefully not set to be too high so as to encourage the contractor to take advantage of it. This change order only allows money to be moved from the contingency to the allowance, and does not automatically grant the contractor permission to use such allowance, as AMEC would still need to review and approve the requested time and materials for each future allowance request. Mike Luecker with USDA noted that if proper backup documentation is provided to show that the original allowance amount was used up, then USDA may consider approving the change order. AMEC and Kinkaid noted that as of the date of the WWAB meeting, nearly all the original allowance had been used up. AMEC also stated that the proper backup documentation would be provided to USDA. Additional discussion was held regarding the change order, the need to provide sufficient allowance, but also the importance of not providing too much allowance that the budget is burnt through quickly. A brief discussion was also held regarding the remaining Phase 2 contingency if this change order is approved. Additional discussion was held regarding unknown utilities, the requested allowance increase, and the need to approve the allowance increase to keep the project moving forward. Kinkaid noted that they anticipate the total price for unknown utility conflicts on the project will be between \$120,000 and \$140,000, including the \$50,000 that was included in the original contract. A motion was made by Rick Powers to recommend to Council the approval of Change Order #AFW01 in the amount of a \$50,000.00 to increase the allowance for unknown utility conflicts, moving this money from the contingency fund, subject to funding agency concurrence. John Trujillo seconded the motion. All in favor.
- Change Order #2, for a \$172,427.16 increase in Kinkaid Civil Construction's contract price for the projected additional costs for the additional repairs to the Mackey Camp sewer main, was discussed. AMEC recommended denial of the

change order for the \$172,000 amount, as it has just recently been revised downward to \$119,319.22. This item is not time sensitive, and it is recommended that it be tabled as HILGARTWILSON did not receive the backup documentation from AMEC and Kinkaid in time for the WWAB meeting. A motion was made by John Trujillo to continue Change Order #2 to the next WWAB meeting. Ray Webb seconded the motion. All in favor.

- Change Order #3a-4, for a \$7,550.79 increase in Kinkaid Civil Construction's contract price to cover additional costs incurred due to the conflict between the existing sewer main and proposed connection to existing manhole A1-10 was discussed. AMEC stated that realignment was required because of a conflict with utilities. Since the precast manhole had to be moved, the piping leading up to the manhole has to be brought in at a different angle. Jerry noted that there is no credit for the original alignment for the sewer main. AMEC noted that the cost shown is only those things that were originally budgeted for. Mike Manygoats with AMEC clarified that the contractor excavated around manhole A1-10 and found the conflict. Once the new manhole was ready, Kinkaid took one day to excavate and half a day to install the new manhole. Manhole A1-10 is in FMI property. Originally, Kinkaid wanted to purchase a new manhole. However, to save on project cost, AMEC negotiated with Kinkaid to have them go back and just deflect joints instead of ordering a new precast manhole. The manhole had to be moved 4-feet to a new location and the pipe had to be re-laid so it could be deflected the proper amount to match up with the manhole. A motion was made by Jerry Barnes to recommend to Council the approval of Change Order #3a-4 in the amount of \$7,550.79 subject to funding agency concurrence and subject to AMEC modifying the narrative shown on the change order to more accurately reflect the work completed, as discussed in the WWAB meeting. Rick Powers seconded the motion. All in favor.
- Change Order #4, for a \$222,445.00 increase in Kinkaid Civil Construction's contract price to cover projected additional costs due to the conflicts with the Canyon Avenue gas line was withdrawn. AMEC stated that they will be revisiting the design for Canyon Avenue. AMEC will provide an amendment in the next WWAB showing their recommendation for the Canyon Avenue area. A motion was made by John Trujillo to withdraw Change Order #4 from the agenda. Ray Webb seconded the motion. All in favor.
- Change Order #6-5, for a \$6,969.58 increase in Kinkaid Civil Construction's contract price to cover costs incurred for the Arizona Eastern Railway right-of-entry permits was discussed. This change order was also discussed earlier in the meeting. Jerry Barnes asked Joe Heatherly if he thought the Town should be responsible for this payment. Joe responded that the contract states the contractor should be responsible for it. Discussion held regarding the potential ambiguity associated with the original contract and the addendum that was issued during the bid phase. Mark Ipson noted that there was a question submitted by a contractor during the bid phase asking about the AERR permitting requirements and that AMEC, the Town, and HILGARTWILSON agreed to attach the actual railroad permits to the addendum to ensure there was nothing that would be missed in the response. The permit itself defines the Licensee as being the Town and states that the Licensee will pay the right of entry fee. However, the railroad permits were prepared far in advance of

the Town putting Phase 2 out to bid, and it was never the Town's intent to pay the right of entry fee. Rather, it was the intent to have the contractor pay the fee. Discussion held as to the cost for the permit costs, which include an extra fee to expedite the right of entry permit and an extra fee to extend the length of the permit. AMEC noted that they now believe it is reasonable for the contractor to have not included a right of entry fee in their bid based on Kinkaid's interpretation of Addendum #2. Additional discussion was held regarding the potential ambiguity in the contract and the addendum. Kinkaid stated that they were ready to absorb the right of entry costs in the bid until Addendum #2 came out. However, Kinkaid did not do so as the information included in the addendum supersedes the contract and that the permit included in the addendum denotes that the Town is responsible to the railroad for the right of entry costs. Kinkaid has already paid the right of entry fee based on the understanding that the Town would reimburse that cost. The WWAB wants a copy of the contract, the addendum, and the other documentation package so they can reconsider the change order request at the next WWAB meeting. Rosemary Castaneda asked about previous payments made to the railroad for the permits. Mark Ipson stated that the Town previously paid certain fees outlined in the railroad permits for the license itself and the easement fee, but that the right of entry fees are separate and are for construction purposes, so they were not previously paid by the Town. A comment was made that it would be helpful for the WWAB to receive the change order documentation sooner before the WWAB meeting, so they can more fully review before the meeting. A motion was made by Rick Powers to table Change Order #6-5 until the February Wastewater Advisory Board meeting, with a request that additional documentation be provided to the board members. Jerry Barnes seconded the motion. All in favor.

c. Payment Applications

- Kinkaid Civil Construction's (Kinkaid) pay application in the amount of \$216,067.14 for Phase 2 construction services was reviewed and discussed. The full amount will be paid by USDA. Joe Heatherly stated the Town has reviewed the pay application and asked if the railroad change order was included in the pay application. Mark Ipson responded that HILGARTWILSON had requested that the change order be removed from the pay application prior to the WWAB meeting and that it was removed as requested. Additional discussion was held and clarification was provided about the unknown utility allowance that was included in the pay application. Other line items were also discussed. A motion was made by John Trujillo to recommend to Council the approval of Kinkaid's pay application in the amount of \$216,067.14 subject to funding agency concurrence. Jerry Barnes seconded the motion. All in favor.
- Curtis, Goodwin, Sullivan, Udall & Schwab's (CGSUS) pay application in the amount of \$448.30 for legal services was reviewed and discussed. Of that amount, \$132.50 will be paid by USDA and \$315.80 will be paid by WIFA. Joe Heatherly stated that he recommends the pay application be paid, however, on the WIFA request, he noted that there is 0.3 hours that was incorrectly billed to the Phase 3-5 sewer project. The credit will come on the next invoice. Motion was made by Rick Powers to recommend to Council the approval of the CGSUS pay application in the amount of \$448.30, subject to funding agency concurrence. Ray Webb seconded the motion. All in favor.
- John Trujillo stated he would like to have Joe Heatherly, HILGARTWILSON and AMEC meet to figure out a way to streamline the change order review and approval process to minimize the impact that the WWAB could be having on the overall contract. For example, sometimes a problem may come up where the contractor may be put at risk if

they have to wait to address said problem until after the full current review and approval process takes place. John would like the project team to investigate any potential ways to streamline the process to make things easier for everyone involved and still provide the oversight to make sure the project team and WWAB is looking out for the best interest of the Town Council and the residents. Jay Spehar agreed with this and stated that he and others on the WWAB would be willing to meet with the project team to work out a streamlined process.

d. Public Comment on the operation, financing, and construction of the sewer project

- No public comment.

V. Adjournment:

- Rick Powers motioned to adjourn the meeting. Seconded by John Trujillo. All in favor. The meeting was adjourned at 6:08 pm.