

Minutes of TIFA LLC Meeting
January 28, 2016
11:00 a.m.
City of Titusville Water Resources
Mourning Dove Water Plant
2836 Garden Street
Titusville, Florida 32796

Persons in Attendance

Mike Brown, Miami Corporation, TIFA Management Committee Member
Dwight Severs, City of Titusville, TIFA Management Committee Member
Richard Broome, City of Titusville, City Attorney
Andrew Jantzer, City of Titusville, Water Resources Deputy Director
Jim Ball, City of Titusville, newly appointment member
David Fuechtman, Farmton Water Resources (by telephone) joined after roll call
Pat Gagliardi, Farmton Water Resources (by telephone)
Helen Hutchens, Miami Corporation (by telephone)
Jim Perry, GMS LLC

Jim Perry conducted the meeting.

Action Items

I. Approval of the Minutes of the TIFA LLC Meeting of December 21, 2015

Member Brown moved to approve the minutes of the December 21, 2015 meeting. Member Severs concurred and the motion passed.

II. Approval of Increase of Operating Account Balance to \$25,000

Ms. Gagliardi stated, with the Phase 2 Wellfield now online we will have an increase in our utility expenses, our work orders, potentially parts and other items and our monthly expenses will exceed the \$15,000 current limit. I would like to increase that limit to \$25,000 until we see what the regular monthly bills are.

Member Severs moved to approve the increase in the operating account balance to \$25,000. Member Brown concurred and the motion passed.

III. Consideration of Release of Easements

Mr. Jantzer stated, the easements to be released were for monitoring wells and accesses that were rendered unnecessary by new monitoring wells. This is the procedure to officially

release those easements. This will be the first step and the second step is going to be a series of easement revisions that are under preparation and review.

Member Severs stated, the amount that was provided as a credit at the last meeting may be adjusted up or down based upon the final easements when approved.

Mr. Jantzer stated, that is correct and that may happen at the next meeting.

Member Severs asked I assume staff has reviewed the form of easement as well as the city attorney and is that acceptable?

Mr. Broome stated, I have reviewed it and I would like to have staff confirm that they have looked at the exhibits and that they are correct and accurate as far as legal descriptions and that we are not releasing any more than we should be releasing.

Mr. Jantzer stated, right.

Member Severs moved to approve the release of easements associated with monitoring wells and access. Member Brown concurred and the motion passed.

Mr. Broome stated, we want to wait to record these until we receive the adjustments in compensation to make sure they are accurate. Once you release them I want to make sure we get the right credits back to the City.

Ms. Hutchens stated, the credits for the ones you are holding in hand for the releases for the easements that were never placed in service, that credit has already been received on a capital call done in December. The last piece, which is the revisions that will be at the next meeting that credit will occur at that time. The ones you have currently have already been taken into account in terms of receiving a credit on the capital contribution.

Member Severs stated, as a follow-up question does the city have either the original or the recorded easement or a copy of the recorded easement? The TIFA records are supposed to be maintained here. Do you have them?

Ms. Gagliardi stated, the city did record the easements so you would have the original there.

Member Severs stated, that is the recording cost as reflected in the next item.

Ms. Gagliardi stated, correct.

Financial Items and Reports

IV. Ratification of Expenses Paid from Operating Account and Request for Reimbursement

Mr. Perry stated, there was a question at the last meeting raised on Well no. 1 utilities and we reviewed that with Sean and it was correct, the well had been operated more than the other ones.

Member Severs moved to ratify expenses paid from the operating account in the amount of \$12,843.77. Member Brown concurred and the motion passed.

Ms. Gagliardi stated, in addition to the transfer of funds for the \$12,843.77 that just passed we will also want to transfer an additional \$10,000 from the main account to the operating account in order to increase that balance to \$25,000.

Mr. Perry stated, in conjunction with item two as approved.

Staff Reports/Informational Items

V. Area IV Phase 2 Update

Mr. Jantzer stated, for Area IV Phase 2 all the Area IV wells in both phases are now online and operating in accordance with their planned rotation and producing on an average of 2.75 MGD into the city system. The wellfield is online and in operation, we have received the final application for payment from Felix for the well outfitting contract. That amount is \$327,204.79 and CPH has reviewed the package and have confirmed that all releases and bonds are in place and in order. That showed up on my desk yesterday. There is an issue with that contract that I will get into more detail and that may have a bearing on this final application for payment. There is a significant warranty claim that is pending. Following the startup a number of the wells leaked and couldn't be repaired at the wellhead and in the end over the past three months of the startup phase of Phase 2 we had seven and possibly eight of the nine wells affected with leaks and field repairs. We have had a total of 13 field repairs because there were several repairs conducted on the same well. In addition related to the welding repairs there was damage to instrumentation mounts and possible damage to the actual instruments. One of the issues is that the welding repairs were conducted on leaking wellheads without pulling the instruments off so we have potential heat damage to the direct mounted instruments and cabling. Another issue is that when they did welding repairs some of the instrument mounts were threaded NPT joints with Teflon tape and the heat burned off the Teflon tape, created a leak so we had the contractor sending crews out that repeatedly loosened and tightened and put more tape on. These are stainless steel fittings, they are not really good to be reused multiple times like that and we had field inspectors check the threads and found the threads were damaged and you could tell on some of the ones that had been repeatedly repaired the threading doesn't feel right. There is damage with that. We have some potential damage with the instruments.

City staff and Miami Corporation technical staff is working with CPH, the engineer of record to put together an investigated and documented warranty claim to issue to the contractor. The way it is proceeding right now I think we are near consensus so I expect this is probably something that will be ready to go to the contractor next week but the repair action for these stainless steel large diameter wellhead assemblies are actually physically connected to the pumps down underground so in order to replace the wellhead assemblies, which we are recommending due to the number of leaks, new wellhead assemblies would have to be shop fabricated, brought to the site and then the wellhead would be lifted, the pumps disconnected and the wellhead assembly swapped out. We are talking about some significant effort to correct this issue.

There is also a side aspect of this and that is the pressure sensor instrument mount, which is down low and has been the cause of a lot of these leaks, it is a welded mount stainless steel on stainless steel it is a specialty type of weld and that is where a lot of the failures occurred. We are going to suggest that instead of a stainless steel welded mount for those instruments that we go with a standard mechanical tapping saddle that is put on a higher section of ductile iron pipe that will make it so that we don't have the integrity of the stainless steel wellhead impacted by welding inserts for instrument mounts and it will be a trouble free mount there. That is an instrument location change that we are going to recommend just for the good of the integrity of the wellheads as they are installed.

That is kind of where the claim is at right now and we are currently working out with CPH.

Member Severs stated, I appreciate you sending to me in advance the email on January 26th so I could look at it and review it. As you know I responded asking whether this would be discussed today and also asking whether Felix had been paid in full on their contract and when this was discovered. I would have to defer to Mr. Broome or the other attorneys that may be involved in this but I really question whether this is a warranty issue. Warranty normally comes in after completion and after payment and you are making a claim under the contract. This sounds like defective work and we have not paid them and we rightfully should withhold payment until it is corrected. I know I have been ornery with CPH but if there was design problems, which sounds like there was and I understand you really don't have an answer from CPH, the engineer we are paying over \$700,000 to, as to what their recommendation is as to the fix. If there are design problems whoever welded this didn't know how to weld. I have a history of knowing how to weld and I have a son who is a welder. I can easily see that someone didn't know what they were doing. Where was the supervision, was CPH supposed to be supervising some of this?

Member Brown stated, that is one of the questions I had, who actually ordered that repair work. I know who did the repair work I witnessed some of that and that was AWD but who actually ordered the repair work on the wells as they stood? The other question is based on Dwight's comment we have a payout for \$327,204.79, how far will that go to replacing all those flanges and equipment? I don't imagine that would cover it.

Mr. Jantzer stated, that would be a question for CPH to give an estimate on that. As to who ordered the repair work, it is our understanding this was following the initial startup phase but prior to owner acceptance so it was still property of the contractor so they acted on their own working on their own property without consulting or asking permission from TIFA.

Member Severs asked we haven't officially accepted the job as complete, have we?

Mr. Jantzer stated, I think it has been accepted in substantially complete form.

Member Severs stated, substantially complete is one thing.

Mr. Broome stated, I agree. That is the whole reason we have the \$327,000. Is it all retainage?

Mr. Jantzer stated, about \$10,000 is work, the rest is retainage.

Mr. Broome stated, the whole reason we have retainage is this kind of circumstance in my opinion, if they have defective work, if they haven't completed it that is why we have it to protect us to make sure we get what we bargained for. I think what we need to do is find out with CPH to determine what the problems are, figure out what the cost is and what we are going to do about the appropriate repair and move forward under that theory that they still owe us that product. I agree with Dwight it is not a warranty issue it is a defective product issue and defective work and the repairs were defective as well and to what extent that they further caused issues. We need to figure out what the appropriate fix is, get that done and that should be deducted from any retainage. I want to proceed that way and I agree I think we need another meeting with staff and CPH to figure that out.

Member Severs stated, I don't see the management committee authorizing payment of the \$327,204.79.

Member Brown stated, I wouldn't think so. I would have to defer to legal counsel for that answer but in my mind it would be a stretch.

Mr. Fuechtman stated, we agree.

Mr. Broome stated, you are not directing us not to pay it but to research this and come back to you after we have figured it out.

Mr. Fuechtman stated, until we have an understanding between both sides on how this is going to be remedied.

Member Severs stated, okay we are all on the same page.

VI. Acknowledgement of the Appointment of a New TIFA Member Representing the City of Titusville

Mr. Perry stated also on the agenda is acknowledgement of the appointment of Mr. Jim Ball as the new TIFA member representing the City of Titusville.

Member Ball stated, I am happy to be here and I have known Dwight for many years and he has obviously performed this duty as he has every duty on behalf of the city with great diligence and skill. I'm nervous to step into shoes I know are very big to fill but I'm a quick study and I'm willing. I would like to request an opportunity when it is convenient for everybody to get eyes on this wellfield and understand physically what we are talking about and I will coordinate that with Andy.

Mr. Broome stated, you might want to tell everyone here about your experience and background and what you bring to this group.

Member Ball stated, I was a former member of Titusville City Council in the mid 1980's and at that time there was an enormous amount of concern about future well water resources, wellfields were tapping out, the south wellfield was not coming up to the expected capacity. I'm sort of at a very high level where the long history of the relationship between City of Titusville and Farmton. In addition to being a former council member I have spent a lot of time on several different boards and commissions at least one of which was associated with a rate study. I came out of a planning and development career towards the last 10 to 15 years of my career with NASA, I'm now a consultant to the space industry, mostly working for Space Florida and the Florida Department of Transportation. I deal often with land planning and land development issues from a public/private sort of partnership standpoint and utilities are always in the equation. I'm very familiar with south Volusia County, I do have some familiarity with Miami Corporation other than my history with the city and I have worked a lot with the people in south Volusia County. I have never been to the wellfield, I know about the Farmton development and that is about the extent of my knowledge. I'm eager to make a contribution and be an effective representative of the City of Titusville and I promise to do that and work closely with our friends at Farmton and Volusia County.

Member Brown stated, we certainly look forward to it as well. I hate to see Dwight go, this is a little bittersweet in that regard, get used to a new face but changes happen.

Member Severs stated, as I said before the council I highly recommend Mr. Ball, I think everyone around the table will be pleased with working with him and his professionalism, etc.

Other Business

Public Comment

Next Scheduled Meeting

Mr. Broome stated, with regard to Felix and the retainage in the contract as long as we are providing timely notice and I don't have it in front of me but if we are going to make a claim on the retainage that we have enough time to meet with CPH and get back to the board if we need to and still be in that window with regard to their payment request. I assume the contract has a provision when we receive the request for payment that we notify them of any issues with regard to retainage. I want to make sure we are timely. I don't know that we need to meet with the board if they are directing us to go ahead and research that and provide notice to Felix we can do that without a meeting.

Member Severs moved to authorize staff to research the issues with the wells and to provide proper notice to Felix relative to the retainage. Member Brown concurred and the motion passed.

The next meeting was scheduled for February 25, 2016 at 11:00 a.m. in the same location.

Member Severs stated, since this is my last meeting I want to tell everyone around the table particularly Mike and representatives in Chicago and Miami Corporation and Farmton I have certainly enjoyed working with you. This project has long range beneficial implications for the city and its future water supply as well as good relationship between Farmton and the city and set an example for others how to move forward in the future. We haven't always agreed on everything but I think we have not been disagreeable and worked things out and that is important and I want to thank everybody particularly in Chicago and pass it on to everyone there that I appreciate the opportunity of working with you. As I recall my first letter on this project was more than 20 years ago and sometimes it takes a while to accomplish things but we appreciate everybody working together.

Ms. Gagliardi stated, we in Chicago appreciate your service to TIFA as well.

Open Items

Adjournment

Member Brown moved to adjourn the meeting at 11:32 a.m. Member Severs concurred and the meeting adjourned.