

Minutes of TIFA LLC Meeting  
March 17, 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  
Jim Ball, City of Titusville, TIFA Management Committee Member  
Ana Ochoa, City of Titusville, -----  
Richard Broome, City of Titusville, City Attorney  
Andrew Jantzer, City of Titusville, Water Resources Deputy Director  
Barbra Goering, Farmton Water Resources (by telephone)  
Susan Pattock, Farmton Water Resources (by telephone)  
Pat Gagliardi, Farmton Water Resources (by telephone)  
Helen Hutchens, Miami Corporation (by telephone)  
Farlen Halikman, Moore Stephens Lovelace, P.A.  
Dave deNagy, GMS LLC

Dave deNagy conducted the meeting.

**Action Items**

**I. Approval of the Minutes of the TIFA, LLC Meeting of February 25, 2016**

Member Brown moved to approve the minutes of the TIFA meeting minutes of February 25, 2016. Member Ball concurred and the motion passed.

**II. Approval of Renewal of TIFA Liability Insurance**

Member Brown moved to approve renewal of TIFA liability insurance in the amount of \$23,467.37. Member Ball concurred and the motion passed.

**Financial Items and Reports**

**III. Presentation of the TIFA LLC Audit Report**

Mr. Halikman presented the 2015 audit report. He advised that it was a clean audit opinion. The auditor's required "Communication with those charged with Governance" letter

was also presented. Member Ball moved to accept the 2015 audit report. Member Brown concurred and the report was accepted.

#### **IV. Presentation of the Management Representation Letter**

Member Brown moved to approve the Management Representation Letter to Moore Stephens Lovelace, P.A. Member Ball concurred and the letter and the signing of it were approved.

#### **V. Presentation of the TIFA LLC Tax Return**

The 2015 tax returns were presented to the members by Mr. Halikman. Member Ball moved to approve the 2015 tax returns. Member Brown concurred and the 2015 tax returns were approved.

#### **VI. Ratification of Expenses Paid from Operating Account and Request for Reimbursement**

Member Ball moved to ratify the expenses paid from the operating account and the request for reimbursement in the total amount of \$10,546.95. Member Brown concurred and the motion passed.

#### **Staff Reports/Informational Items**

#### **VII. Area IV Phase 2 Update**

Mr. Jantzer stated, the wellfield is producing at 100% capacity through February. We have the outstanding wellhead defect claim and final payment being withheld for that. On February 24<sup>th</sup> CPH issued the claim notification to Felix basically saying that the wellhead assemblies are currently damaged by the repair work and pointing out that instrumentation and cabling were not protected during that work and asking that the wellhead assemblies and instruments and cables exposed to that work be replaced and that final payment under the construction contract is pending receipt of the plan of action by Felix to address those issues. On March 4<sup>th</sup> Felix issued a response stating that the position that Felix repair all the leaks and they have been functioning since December 16<sup>th</sup> there are no defects and any concerns by the owner about damages are speculation. If there are issues the warranty bond is in place to address any future issues and they obtained a certificate of final completion on December 16<sup>th</sup> and accordingly Felix is demanding final payment in the amount of \$327,204.79 in accordance with their documents. Since that response an investigating team of city, Miami Corp. legal and engineering reps have discussed an approach and we have procured three proposals from weld inspecting agencies, to do a visual and dye testing inspection and X-ray inspection of the nine wellheads to come up with a quantitative, independent opinion as to whether or not that work is acceptable or defective. That would gauge the future direction of this claim but we thought it was important to have that independent field test information in. The low bidder on that was an inspection firm by the name of Renegade in the amount of \$1,168 to do that work for all nine wells. They broke it into the visual and dye testing of \$518 and the X-Ray testing of \$650 and

they expect to do all nine wells in one day. That would provide independent background information on the integrity of the welds because at this point the counterclaim is that our claims of damage are speculation, everything was sealed and working properly.

Member Brown asked did we get references on this company and what was the amount of the other bids?

Mr. Jantzer stated, the background on these inspectors is that to my knowledge they are all certified weld inspectors, certified by the prevailing organization that I think is the American Welding Society so it is an accredited program and we figured if they had that accreditation they were eligible and because they have the X-Ray testing equipment that is an investment that only reputable inspectors use so we know they are qualified for this type of work.

We did get different initial opinions from the different inspection agencies as to what type of tests to do. One agency said they didn't recommend the X-Ray testing the other agency said it was important that it be done in order to be able to see what was going on underneath the welds not just at the surface. We decided to be conservative and get more information and that the investment of the additional \$650 for X-Ray testing would be good information to have.

Member Ball asked what was the spread on the bids? I understand the explanation regarding their qualifications and equipment but did they submit any kind of experience and qualifications with their bid?

Mr. Jantzer stated, there was not a request for review of qualifications, this was pulled together pretty quickly so we basically did it by phone tracking down these testing agencies through word of mouth and collected the bids. Just for the visual and dye penetrant testing \$518 for Renegade, Space Sciences Services \$760 and QC Laboratories \$2,500. There was a pretty good spread although one and two were pretty close. For the X-Ray Renegade the low bidder their cost was \$650, Space Sciences Services did not bid because they felt the X-Ray was not going to provide information or be feasible for these sites and QC Laboratories quoted \$600 for the X-Ray component but QC had the high number for the visual and dye penetrant. As a package we found that Renegade Testing was the low bidder.

Mr. Broome stated, we share the same concern and that is that we get an inspection firm whose findings are going to be without dispute.

Member Brown stated, I feel very much like the inspection team that the X-Ray portion of that is probably going to be significant based on what I understand about welding. X-Ray is the only way you are going to be able to tell how deep that crack is that you see on the surface.

Member Ball stated, I'm comfortable in authorizing this work it is not that much to help determine the proper course of future action.

Member Ball moved to approve a proposal from Renegade to conduct an independent field test of nine wells in the amount of their low bid of \$1,168. Member Brown concurred and the motion passed.

Member Ball stated, on the basis of what you told us about the response from Felix it sounds like there is a focus just on whether there is damage as a result of the work. I think part of the question ought to be in addition to whether we actually see damage is did we get what we paid for from a quality workmanship aspect? Is that a defensible approach on the claim as well? It may not be busted but it is not what we anticipated and it is not up to the quality of workmanship and spec that we had.

Mr. Broome stated, one of the things you will have to look at if we go down that path is if it is not then why was it accepted. What happened in that inspection and what did we rely on? It is my understanding that a lot of these repairs were done subsequent to the acceptance of the equipment so one of the things we need to look at is, is it faulty work in making repairs that we are having issues with, which are warranty or is actually as you stated not getting what we paid for originally, which would not be warranty it would go to the contract itself. We have to realize this was apparently accepted work under the contract and a certificate of acceptance was issued.

Member Ball stated, then we may have to look at a broader range of responsible parties.

Mr. Broome asked Andy how soon do you think we can get a report back on the X-Ray?

Mr. Jantzer stated, Jim Boyd was doing the one on one contact with this firm but I think we were able to get them out next week.

Mr. Broome asked do you know if part of this bid also involves a written report of their findings? We are going to need that for the members and I suggest as soon as we get that report we have a meeting rather than wait for a month. I know we need to schedule the next meeting but maybe we need to have a special meeting between now and then if we get those results back. We know there might be a claim coming from non-payment of the contract amount soon. I don't know how long Felix is going to wait.

Mr. Jantzer stated, it says in their proposal acceptance criteria will be required in order to issue a test report. Test reports will be available the same day as inspection so it sounds like they have this worked out where they have automated inspection and reporting. The one point they bring up is acceptance criteria will be required in order to issue a test report. That has come out in our discussions that there was actually no well standards specified under the contract and this was brought up by more than one inspecting agent that in order to get quantifications in their inspections they really need to have a well specification in order to cross reference it to. That doesn't exist in this contract and we don't even have at this point a specific standard such as an AWWA standard or similar that was referenced. We may end up just adopting, say give us the most relevant standard and work with that.

Mr. Broome stated the original well the part of the assembly that we had issues with I thought it was the way they attempted to do the repairs and I don't know how you have criteria for a repair other than maybe an industry standard. Are we addressing an original failure as designed and completed or is it faulty repair work subsequent to acceptance of the contract? I'm not real clear on that.

Mr. Jantzer stated, there is kind of both going on. One of the details of the claim is that the original work leaked at eight of the nine wells and that required the repairs and the follow-up issue is the workmanship that went into the repairs.

Mr. Broome stated, that's what I'm wondering based on what we are paying this contractor to go out and do this X-Ray, etc. are they merely going to report and X-Ray the repair work or are they also maybe going to be able to evaluate the underlying original weld?

Member Brown stated, the X-Ray will do that based on what I understand about the X-Ray process. I'm not an expert but in the realm of business I have been exposed to that X-Ray will show the original reason for that repair and then should show you whether that repair is substantial enough to last.

Mr. Broome stated, I think it is important that we analyze both, that they understand we are asking for both. We don't have criteria they will just have to judge it on maybe an industry standard.

Member Brown asked was that not addressed by our design team?

Mr. Broome stated, I'm being told that there may not be specific criteria.

Mr. Jantzer stated, we asked CPH for the well specification that was used and they said there was none. I checked the contract documents myself and I didn't see one either.

Member Ball asked why would they not have used a well specification, what would be their answer to that?

Mr. Jantzer stated, after their reply that there was none we didn't follow-up because that was done with an email.

Member Ball stated, I think we ought to get a little bit of CPH fingerprints on that.

Mr. Broome stated, I alluded to that before and I agree. I think if CPH and I'm not sure who inspected the work to determine that it met the criteria, the standards of the contract but how did they measure it if there was no criteria and what standard did they use? We rely on others to tell us that the contract was completed as designed when he accepted it. I would be curious as to what standards they used there must be something they judged this by. I think some of our direction for the managers might be to go to CPH and get that answer so we can provide it.

Member Ball moved to request staff to obtain written documentation from CPH as to how they determined the wells were acceptable and what standards they used if any and if not why did they determine as the engineer responsible for acceptance of the work why there was no standard needed. Member concurred and the motion passed.

Ms. Gagliardi stated, that seems reasonable.

Member Ball stated, it is really asking them to document how they got to where they got to.

Mr. Broome stated, that is going to help us understand where we can and need to go whether this is warranty or not or what we are dealing with. I think we need all that information to make an educated decision on how we are going to move forward.

Member Ball stated, that is two pieces of data we should be in a position to discuss when we have our special meeting, the results of the inspection and the documented feedback from CPH.

Mr. Jantzer stated, if there is a request for a specific design criteria since we have none in hand I think we are going to ask for something that replicates the industry standard in the opinion of the inspector and use that as the baseline for this review. At least if they need a standard to work with we will say work with your best industry standard on this.

Member Ball stated, I think what I hear you saying and I would agree with is that in their opinion there should be an industry standard that if not specified would have been expected by anybody knowledgeable within that industry as to an acceptable well.

Mr. Broome asked do you think there is an industry standard something that is done in a professional workmanlike manner?

Mr. Jantzer stated, yes I think Jim Boyd was looking into that and they came up with an ASME, Society of Mechanical Engineer type of standard that would probably be used on that but that will be just details that they will work out.

Member Brown stated, I would have thought an M.E. would have designed that portion of the project with the metallurgy and the welding that specifically would have required and that would have been in CPH's shop.

## **VIII. Update on Rail Trail Project**

Mr. Jantzer stated, talking about the south section first, they were proceeding quickly. The city has been watching the activity and on March 7<sup>th</sup> we issued a letter of concern to the general contractor and design engineer saying that your work is progressing toward the point where the project merges with our water main and fiber optic utilities and they are still not shown on the drawings properly and we also pointed out deficiencies in the field marking of them. We issued a letter of concern the contracting firm president replied within an hour and said that we are not going to work north of Station 335, which is a point we stipulated not to work north of until these concerns are resolved. He agreed to it and it sounds very cooperative.

Member Brown asked at what point are north and south separated? Is there a road name south of some address? They are clicking right along.

Mr. Jantzer stated, they do have other issues that are holding them from going basically where Folsom Road merges toward the rail trail that is the Station 335 that we pointed out to put the brakes on. I think there are a few other issues that they were also holding up work beyond that point as well, some drainage they are working out with the county. Their schedule is to have this resolved in about 30 days from this week, basically have the clearances to proceed further north after that point.

The north section of the project the drawings have just been completed the 60% drawings have been uploaded into the FDOT review site and now it needs to be disbursed to the stakeholders, which includes the City of Titusville so we will be reviewing that and review comments are due on that April 1<sup>st</sup>.

## **Other Business**

Member Ball asked can I go back and ask about the certificate of completion? Were there any contingencies or conditions on that? Was it absolute? What did they get? Were there any limiting conditions or contingencies subject to further testing or pressurization?

Mr. Jantzer stated, my impression is that the certificate of final completion did not even have a punch list on it, everything was deemed done.

Member Brown stated, that would have been generated during startup phase.

Mr. Jantzer stated, the startup phase initiated with the substantial completion certificate then there was a punch list then they went through a couple months of addressing all the punch list items and CPH did on demand inspections as each punch list item was done. Once those were all done it is my understanding that they were cleared to do the final certificate of inspection once all the bonds and closeout paperwork issues and items were in order. Once that occurred they issued the final completion certificate and that would have released all the retainage as well. Normally if there is a punch list outstanding there is retainage outstanding but this is a final payment of all the holdings including retainage. Along that line of logic I think everything was deemed complete with that certificate.

Member Brown asked what was the date on it?

Mr. Jantzer stated, December 16<sup>th</sup>.

Member Brown stated, on the 31<sup>st</sup> of December there were repairs going on for the leaks. They actually had a welder out the day before and the day of our meter read that month because the city had two folks there, one was overseeing or witnessing the repair work the other was involved in the meter reading with the auditors, myself and GMS.

Member Ball asked that repair work was the result of leaks having been detected?

Member Brown stated, that was the discussion.

Member Ball asked was CPH the agent involved in directing the repairs?

Member Brown stated, sure and there was some discussion some time ago about the repair work whether or not anybody really had to direct repair work because at that point in time I understood it had not been accepted so any repair work may or may not have been overseen by CPH. If it was something that had been completed you would expect there to be oversight of the repair. I'm not sure of the details at that point. I think staff has a better handle on that than my memory.

Mr. Jantzer stated, it is my recollection that in that part where we had repairs occurring after completion that was classified as warranty activities and so it was between Felix and CPH who was acting as the agent in that and there were notifications from CPH to the city that Felix is doing repairs of leaks to the wellheads.

Member Ball stated, I think it would be useful to get a timeline because what I'm hearing is that if there was a certification signed off on December 16<sup>th</sup> and repair work on leaks was taking place two weeks later. Did the leaks just show up during that two-week period? When were the leaks detected, the day after they signed off on the equipment?

Mr. Jantzer stated, I think it would be good to do a timeline on that and come up with some solid answers. I will add that to my list.

### **Public Comment**

### **Next Scheduled Meeting**

Mr. deNagy stated, we were talking about having a special meeting and setting our regular monthly meeting.

Ms. Gagliardi asked can we schedule our regular meeting at this point and once we know we will have the report and the information has been gathered then schedule the special meeting?

Wednesday, April 27, 2016 at 11:00 a.m. was scheduled as the next regular meeting.

### **Open Items**

### **Adjournment**

Member Ball moved to adjourn the meeting at 11:40 a.m. Member Brown concurred and the meeting adjourned.