

Red Lion Municipal Authority
Meeting Minutes
Wednesday, April 6th, 2016
(continued from Wednesday, March 23rd, 2016)

Members

Eric Immel, Chairman (arrived @ 8:20p.m.)
Brad Smith, Secretary
Mike Poff, Treasurer
Jeff Herrman, Asst. Sec/Treas.

Others

Keith Kahwajy, Superintendent
Jeff Beard, Asst. Superintendent
Jason Reichard, Engineer
Andy Miller, Solicitor
Christian Miller, Solicitor
Stacy Myers, Recording Sec'y

Visitors

Dave Averso

1. The meeting from March 23rd, 2016 reconvened @ 7:11p.m. this evening. Mr. Poff served as Acting Chairman in Eric Immel's absence.
2. **Dave Averso from Gannett Fleming** was present to discuss the progress of the construction. Points of discussion pertaining to this issue were as follows:
 - Two separate Change Orders from Lobar General Contractors involve a time factor of 17 additional calendar days. This would affect the completion date of the Wastewater Treatment Plant. The proposed Partial Substantial Completion Certificate notes a completion date of 1/26/16 (for WWTP). This date is the same date the Authority certified to DEP that the plant was put into operation. Attached to each the Partial Substantial Completion Certificate (one for Lobar GC and one for Lobar EC) is a punchlist of items that need completed at the Wastewater Treatment Plant before final completion can be achieved. Dave stated that if anything needs to be added to the punchlist, he will let Lobar know.
 - Dave also mentioned Lobar's Payment Application No. 40, which requests roughly \$650,000 of retainage and decreases Lobar's retainage, on the Water Treatment Plant, to \$100. Because the plants were not finally completed, liquidated damages could not be assessed, however the Authority has the right to decrease payments by the amount of liquidated damages, pursuant to the contract. Therefore, the potential liquidated damages could support a denial of the Payment Application.
 - Andy offered some additional information concerning substantial completion. Under the contract, "Substantial Completion" is defined as beneficial use of the project itself. These criteria had most likely been met when the permit authorization was received from DEP. The contract also states Substantial Completion would not be awarded unless at least 90% of the work has been completed on the contract. Andy asked Dave, are we reasonably certain, from a dollar perspective, that at least 90% of the work has been completed? Dave said yes, it has been. Andy believes the Authority has to confirm the Substantial Completion Date noted above is accurate.
 - Andy stated the contract has four completion dates; 1) substantial completion date for Water Treatment Plant, 2) final completion for Water Treatment Plant (which is 30 days after substantial completion), 3) substantial completion date for Wastewater Treatment Plant, and 4) final completion for Wastewater Treatment Plant (which is 30 days after substantial completion). Liquidated damages accrue for the number of days past the contract completion date (as may be extended by CO) until the substantial completion is certified. Liquidated damages then continue to accrue after 30 days pass (if final completion is not certified within 30 days) until final completion is certified. The time between substantial and final completion is for the completion of identified punchlist items. Thirty (30) days are given

from substantial completion to close out the project and finish the punchlist. As such, liquidated damages cannot be assessed, and fully known, until final completion is achieved and certified. This will be summarized in a letter to Lobar in response to the Payment Application No. 40.

- Dave Averso has the complete punchlist of items and the Partial Substantial Completion Certificate to give to Lobar (GC and EC). Per the contract, Lobar has 30 days to complete the punchlist. Then they are to submit a letter with the punchlist stating they have completed it. Within 30 days of receiving Lobar's letter, Gannett Fleming and the Authority have to double-check that the work has, indeed, been completed.
 - A warranty list for the Water Treatment Plant has been generated because the one-year date for the Water Treatment Plan has arrived. Dave has to discuss with Lobar the list of open items that need addressed. As the one-year warranty date is 4/13/16, a walk-through was done to review one-year warranty items. Dave is keeping the punchlist of items separate from the list of one-year warranty items. Some of the items (such as the ammonia room) have not been put into operation, but their one-year warranty will soon expire.
3. **Dave Averso** reviewed with the Authority the Change Orders proposed by Gannett Fleming.
- a. **Change Order #52** was for a 15-day time extension; cost is \$29,446.41. This work involves a sample pump in order to put the turbidity, chlorine and auto sample equipment into service. A continuous flow of water is required for the online instruments. SCADA control is also necessary so that the pump is running when not decanting. This necessary sample pump was never part of Gannett Fleming's original design of the Wastewater Treatment Plant. The sample pump is rated at 4 gallons/minute and is designed specifically for sample water. One gallon/minute will go to the instruments and three gallons/minute will be discharged. The discharge will go into a basin that has a sump pump, which will discharge it back to the settling basin. The basin/sump pump portion of the work had already been approved by the Authority (work completed by SSM), and is already in place.
 - b. **Change Order #53** is related to the sludge basin. There is a sludge blow-down line that goes to the exterior of the building. Haulers will connect to the line in order to fill their tankers. Lobar installed a temporary 2" valve to keep the sludge from leaving the building once the line was put into operation. A permanent 4" valve is needed, along with fittings on the inside & outside to aid in pumping from haulers. The cost of this Change Order is \$3,593.77.
 - c. **Change Order #31/Purchase Order** is related to the MRI system inside basin #1 & #2 (sludge collection system). It is currently a 2-person operation to move sludge (one to run the MRI, then one to run the sludge pump). This C.O. will coordinate the sludge pump operation directly with the MRI system. It will be fully operational from the MRI panel. Dave coordinated this with Lobar Electric & MRI (out of Colorado) and they worked with Brad on what issues he had with the sludge collection system. MRI was onsite to provide a price to do the work. Dave stated MRI is currently a subcontractor to Lobar General Contractors, and this equipment was "hard-spec'd" into the contract. Dave asked MRI if they would complete this work via Purchase Order, in other words, not as part of the contract but completely separate from it (and separate from Lobar as the prime contractor). MRI said they would complete the work separately via a Purchase Order from the Authority. Dave said using a P.O. will not void any warranties. Dave also stated that there would not be any problems to do this from Lobar's perspective, and that using the P.O. method would be a savings of a minimum of 15% (using Lobar would add 15-20% simply for completing the paperwork). If the Authority was more comfortable going through Lobar to complete this work, Dave said that is fine. MRI will provide a new IO (input-output) Board as a space-saver in that area. MRI should honor a new warranty on this piece of equipment and the work related to the P.O.; other than that,

there is not a lot of new equipment to warranty. New conduit and wiring will be done by Lobar Electric via a Change Order.

4. **The following action was taken on Gannet Fleming's proposed Change Orders:**

- a. **Change Order # 52** from Lobar General Contractors, in the amount of \$29,446.41 and a 15-day time extension. Mr. Smith made a motion authorizing Dave Averso & Gannett Fleming to proceed with preparing the formal Change Order to be brought before the Board; Mr. Herrman seconded. All were in favor; motion carried.
- b. **Change Order # 53** in the amount of \$3,593.77 related to the sludge basin. Keith stated there needs to be an amendment to this Change Order to include inside and outside valves coming off the sludge blow off line. Mr. Smith made a motion authorizing Dave Averso & Gannett Fleming to proceed with preparing the formal Change Order to be brought before the Board contingent upon the second valve being added per Keith's specification; Mr. Herrman seconded. All were in favor; motion carried.

At this time (8:20p.m.), Eric Immel arrived.

- c. **Change Order # 31/Purchase Order** relating to MRI Systems completing work to the sludge collection system via a Purchase Order in the amount of \$5,185.00. Keith stated Dave Averso will be the coordinator in this project and Keith and/or RLMA will not be responsible for any time delays, construction management, or similar responsibilities with overseeing the work. Lobar Electric will complete the new conduit and wiring at a cost of approx. \$1,900. Keith asked Dave if Lobar was aware of Gannett Fleming asking MRI to complete the work via Purchase Order; Dave said no, but that they "should not have a problem with it". Mr. Smith made a motion authorizing Dave Averso & Gannett Fleming to prepare the Purchase Order and coordinate the work through MRI Systems. Mr. Herrman seconded. All were in favor; motion carried.

At this time (8:30p.m.), Jeff Herrman left the meeting.

5. **Partial Substantial Completion (Contract Nos. 1 and 4)** Dave has the final punchlist for the Wastewater Treatment Plant (for both Contract Nos. 1 and 4), with the addition of the completion of the stream diversion to be added to it. Andy stated he believes the Partial Substantial Completions are straight-forward now and the punchlist of items have been determined, by Keith, to be detailed and thorough to go to Lobar GC and Lobar EC. Andy has the Partial Substantial Completion Certificates and he recommended the Authority approve Partial Substantial Completion of the Wastewater Treatment Plant, for Contract Nos. 1 and 4 (Lobar GC and Lobar EC) as of January 26th, 2016. Such approval is subject to finalizing the punchlist to Keith's satisfaction. Mr. Poff made a motion to execute the Partial Substantial Completion Certificates (Contract Nos. 1 and 4) dated January 26, 2016 contingent on the punchlist being completed to Keith's satisfaction. Mr. Smith seconded. All were in favor; motion carried.
6. **Gannet Fleming budget.** In October 2015, Gannet Fleming submitted a request for additional budget funds. Dave asked to follow up on the status of such request; however, Andy was not comfortable discussing this with Dave because Andy had been dealing with Tony Potter regarding this.
7. **Payment Application No. 40.** Regarding Payment Application No. 40, Andy stated that his office has drafted a letter that outlines the Authority's position on this request. The Authority will reject part of the payment on the basis that the work has not been completed yet, and it will reject the balance of the application due to the payment reduction provision of the contract for liquidated damages. This letter will go to Lobar as a response to Payment Application No. 40 and will inform Lobar that the Authority is rejecting Payment Application #40; but it is not assessing liquidated damages (because it cannot calculate them at this time). Until there is Final Completion, the liquidated damages cannot be calculated. The letter was reviewed by Dave and Authority members. Upon Andy's suggestion, Mr. Poff made a motion authorizing Keith to send the letter to Lobar G.C. stating the Authority is adopting Gannett Fleming's recommendations on Payment Application No. 40. Mr. Smith seconded. All were in favor; motion carried.

- At this time**, (8:45p.m.), Dave Averso left the meeting.
8. **Authority recessed to Executive Session @ 8:45p.m.** to discuss ongoing litigation. Authority reconvened @ 9:15p.m.
 9. **Other Business**—Keith reported:
 - Keith would like to purchase wash down hoses & valves for the new Water Treatment Plant at a cost of \$845. Authority consensus was to go ahead with the purchase.
 - Keith and Jeff would like to purchase a Toro stand-on mower for the new Water Treatment Plant. \$5,000 was budgeted for a new mower; however, the Co-Star price for the Toro is \$8,258. Authority consensus agreed to adding extra funds for this mower.
 10. **With no further business before the Authority**, Mr. Smith made a motion to adjourn the meeting @ 9:25p.m. Motion carried; meeting adjourned.

Respectfully submitted by:

Stacy Myers, Recording Secretary