

**From:** [Jorge Gastelum](#)  
**To:** [Bryce Christo](#); [Jonathan Hiebert](#); [Thomas Duff](#)  
**Subject:** FW: City of El Mirage 5th Avenue Sanitary Sewer Project - Mediator's Proposal Rule 408  
**Date:** Thursday, May 29, 2025 1:26:25 PM  
**Attachments:** [image001.jpg](#)

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fyi

Thanks,

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**City Hall official hours are Monday through Friday, 8:00 AM - 4:30 PM.**



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**From:** Tom Shorall <[tom@shorallmcgoldrick.com](mailto:tom@shorallmcgoldrick.com)>  
**Sent:** Thursday, May 29, 2025 12:13 PM  
**To:** Jorge Gastelum <[jgastelum@elmirageaz.gov](mailto:jgastelum@elmirageaz.gov)>  
**Subject:** City of El Mirage 5th Avenue Sanitary Sewer Project - Mediator's Proposal Rule 408

**External Sender - From:** ([Tom Shorall](#)  
<[tom@shorallmcgoldrick.com](mailto:tom@shorallmcgoldrick.com)>)  
This message came from outside your organization.

Jorge,

Good afternoon. Thank you and your team for your hard work yesterday afternoon. Although we were not able to settle the matter yesterday, we got close enough for me to make this mediator's proposal - that the City of El Mirage pay \$82,500 to Standard Construction to resolve all outstanding claims regarding the 5<sup>th</sup> Avenue Sanitary Sewer Project. I write now to explain why I believe settling the matter at this time for \$82,500 is a very favorable outcome for the City of El Mirage.

As you know, Standard claims that it is owed for extra work performed on the 5<sup>th</sup> Avenue Sanitary Sewer Project during the September 23, 2024 through November 13, 2024 timeframe addressing changed conditions that Standard contends were not anticipated or reimbursed under the original contract. Specifically, Standard claims to be entitled to more than \$250,000 for additional work completed at the City's direction between September 23, 2024 and November 13, 2024. The City denies that it owes Standard any additional compensation, and instead claims that the work accomplished over that period was undertaken without pre-approval and/or fell within the scope of the parties' contract.

After reviewing the parties' mediation memos, the parties' contract, the plans, email exchanges and photographs from this project, it is clear to this mediator that both the City of El Mirage and Standard Construction are jointly responsible for the lateral line issues and the added expenses.

Based on the information provided, it appears there was a disconnect or communication gap during construction of the sewer project. Because the pre-existing lateral lines from the homes were at elevations lower than anticipated, they could not be connected to the main line with sufficient slope to comply with the City of El Mirage Detail EM-440-1. Both the City and Standard were aware that the lateral lines were lower than anticipated and that connecting these lines to the main line would result in a flatter non-compliant slope of the lateral lines at the points of connection with the main line. Because the lateral lines were lower than anticipated, Standard recommended and the City approved rotating the WYEs (to 9:00 and 3:00 positions). However, because Standard had no choice but to "chase laterals," the pre-existing elevation of some laterals resulted in a flattening of the main line at certain locations; this in turn resulted in ponding and sags in the main line, first identified during the CCTV inspection at the conclusion of Standard's work.

Because the main line had very little slope to begin with, neither party understood or appreciated the impact of connecting the existing non-compliant laterals on the slope of the new main line. Both parties claim the other should have known. Neither side had an explanation or solution for dealing with those field conditions in a way to solve the problem.

The City claims that it should have been advised that connecting to the existing lateral lines would impact the slope of the new main line. Standard contends that the City knew or should have known of the impact of the lateral lines on the main line since the lateral lines were pre-existing. Standard claims further that it had no other reasonable option.

Ultimately, and after additional CCTV inspections, Standard was directed by the City to correct the ponding and sags in the new main line. Standard did so by adjusting or deepening the bottom of certain manhole inlets and/or raising or relocating downstream certain lateral line connections. This is the extra work for which Standard seeks compensation.

Both sides have viable arguments. A jury or arbitrator would likely find both sides partially responsible for the lateral line issues and their impact on the main line.

My mediator's proposal is the halfway point between the City's last offer of \$50,000 and Standard's last counter-offer or demand of \$115,000. Standard's position at mediation was based on its earlier agreement to accept \$134,000 from the City before we convened the mediation. Apparently, this number had been arrived at back in the October/November timeframe, when the parties were first attempting to resolve the dispute. Since then, Standard has revisited and revised its calculations and now claims that if it goes forward with litigation it will seek the entirety of its loss, almost \$270,000.

With that potential exposure in mind (\$250,000+), and recognizing that the cost to each party of litigating the claim will likely approximate or exceed the value of this mediator's proposal, it is my recommendation that the parties resolve their differences before litigation by settling Standard's outstanding claims for the compromised amount of \$82,500. Standard has already indicated its willingness to accept this mediator's proposal.

Accordingly, and for the reasons stated above, I strongly recommend that the City of El Mirage accept this mediator's proposal and resolve the case by paying \$82,500 to Standard as a full and final release for all claims relative to 5<sup>th</sup> Avenue Sanitary Sewer Project.

Best regards,

Tom

**Tom Shorall, Jr.**

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