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June 3, 2014

City of Rochester Hills
1000 Rochester Hills Dr.
Rochester Hills, MI 48309

Attn: Allan Schneck, P.E.
Public Services Director

Re: Grant Pumping Station Improvements
Construction Engineering Services

HRC Job No. 20100450

Dear Mr. Schneck:

We have reached our not-to-exceed limit of \$130,860.00 on the subject project. This limit was identified in our March 15, 2013 proposal and was based on the 240 calendar day schedule identified in the construction contract documents. We will continue to provide our engineering services in an effort to bring this project to completion. However, we would request an increase in our not-to-exceed limit be processed. At this time we are estimating an additional 200 hours at an average billable rate of \$100 per hour for a total of \$20,000.00 will be required.

We offer the following facts for your consideration in this matter:

- Bids were opened on Feb 12, 2013 and Lawrence Clarke was low at \$974,950. As you're aware, council approval includes a 10% contingency with construction contracts, which would equate to a \$1,072,445 construction total. To-date three change orders have been issued for a total of \$37,813.85, bringing the current construction contract total to \$1,012,763.85. There is also an existing claim that is being tracked by force account, which we estimate will total \$10,000-\$15,000. Assuming worst case, approximately \$45,000 would remain within the \$1,072,445 construction contract total allowed. The \$20,000 budget amendment we requested would still not exceed this limit.
- Should the City have awarded the construction contract to the second low bidder, the project would total \$1,032,410 (\$1,114,651 including 10% contingency).
- Typically construction engineering services are budgeted at approximately 15% of construction cost. In general, this is broken down as layout (1%-2%), construction administration (3%-4%), observation (4%-6%), shop drawings (0.5%-1%), QA/QC Testing (1%-2%), and contract close-out (including record drawings & start-up = 1%). Our March proposal for \$130,860 reflected 13.5% of the Lawrence Clarke bid.
- We track our services provided on a project through a number of accounts, which are shown on our invoices. For instance, account 05 is field layout, 06 is observation, 09 is construction administration and 12 is shop drawings. We also opened an account 23 to track our time associated with the various change order items. Approximately 90 hrs (\$10,000) was budgeted for shop drawing review. To-date this effort has required 228 hrs at a cost of \$26,000. Work associated with the change items has totaled 75 hrs at a cost of \$10,000. These extra costs

Mr. Schneck
6-3-14
HRC Job Number 20100450
Page 2 of 2

incurred impact our ability to complete the scope of our remaining services, which would include construction administration, observation and contract close-out.

Over the course of the project we have worked closely with you and your staff to keep all involved aware of the construction status. In January we met to develop a course of action to bring this project to a close. Despite having to complete a number of services not identified in our original scope, HRC agreed to continue working from our existing contract as long as budget was available.

Thank you for your considerations in this matter. If you have any questions or require any additional information, please contact me.

Very truly yours,

HUBBELL, ROTH & CLARK, INC.



Daniel W. Mitchell, P.E.
Vice President

DWM/dwm

pc: Rochester Hills; P. Davis, T. Balint
HRC; J. Surhigh, File