

January 31, 2014

Tracey Balint, P.E., Project Engineer
Department of Public Services
1000 Rochester Hills Drive
Rochester Hills, MI 48309

RE: Rochester Hills Salt Storage Facility

Dear Ms. Balint:

As you know, OHM was contracted by the City of Rochester Hills to provide contract administration services for the construction of the new Salt Storage Facility located on the site of the old DPS building. Our proposal, dated 4/12/13, indicated that we believed that these services could be provided for an original contract amount of \$40,000. However, for the reason detailed below, we have exceeded the original estimate. As of January 25, 2014, we have provided the City with total services valued at approximately \$50,000 to date. Because the contractor has yet to complete the project, we estimate that OHM will require an additional \$2,000 to complete our services.

The following are the general reasons for our services extending beyond the original contract amount:

- The original construction contract required completion of the project in 130 days, starting on 5/21/13 and ending on 9/28/13. The contractor did not substantially complete the construction until December, and is still completing punchlist items. The extended duration has required several more additional site visits, project meetings, and correspondences.
- Four Change Orders were issued on the project. While the net increase to the contract was only 6.5%, the Change Orders involved several increases and credits to the contract to accommodate changes encountered in the field.
- Over 30 individual RFI's were submitted by the contractor, and numerous field questions arose, including: investigation of the underground tank and the State's requirements for buried tanks; passive venting related to contaminant abatement; soils removal related to contaminant abatement; conflicts between the electrical subcontractor and DTE; contract challenges by subcontractors regarding OHM plans and specifications; and several requests for substitutions.

Because the contractor has still not completed the project, the following tasks still remain for OHM.

- Review of final application for payment
- Issue certificate of substantial completion
- Issue of final change order
- Site visit(s) to check off final punchlist
- Review of close out documents
- Additional correspondence with contractor
- As built documents

As a result of the above expansion of our scope, we are requesting that the City increase the value of our agreement to \$52,000. At this amount, it represents approximately 6.5% of the total construction contract. Typical fees for the Construction Phase Engineering/Architectural services would be around 10% of the contract.



Per our discussions with the City, it is proposed that the General Contractor will be assessed Liquidated Damages of \$12,000, based on the terms of Agreement with the General Contractor. This amount gives the Contractor consideration for the changes encountered during construction.

Thank you very much for your consideration in this matter and let us know if you require additional information.

Sincerely,
OHM Advisors

A handwritten signature in black ink that reads "Rhett Gronevelt". The signature is written in a cursive style and is positioned above a horizontal line.

Rhett Gronevelt, P.E.

Cc: Allan Schneck, P.E. Director of Public Services
Paul Davis, P.E., City Engineer
Wayde Hoppe, OHM Advisors