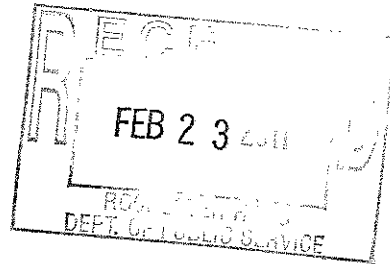




February 21, 2011

Mr. Paul Davis, P.E., City Engineer
Department of Public Services
City of Rochester Hills
1000 Rochester Hills Drive
Rochester Hills, Michigan 48309-3033



**RE: First Amendment - Construction Engineering Contract
Hamlin Road, Crooks to Livernois (Dated April 23, 2009)
City File No. E92-023 (Third Party Agreement No. 08-5397/S1)**

Dear Mr. Davis:

Per the attached MDOT Audit Review, we are resending the Cost Derivation for the First Amendment for the Hamlin Road Construction Engineering. We discussed the issue with MDOT after it was discovered there was a hidden row in the spreadsheet previously submitted. Once revealed, the dollars matched the previous submittal.

The Hamlin Road Reconstruction project is nearing completion with only minor work items left. It has taken significant effort from all involved to get to this point and even though there are still construction engineering funds remaining in the original contract, OHM is requesting an amendment to our contract. As we have discussed, there has been an increase in the scope of work and a contract extension for the contractor, both of which have required additional construction engineering services. The construction engineering funds remaining in the original contract will not be enough to complete the claims resolution process, complete the as-built drawings or compensate Schleede Hampton for additional testing services.

Items requiring additional services include:

- ▼ Delays in DTE removing a line of utility poles on the north side of Hamlin Road during the project led to contract schedule extensions which have required OHM to provide services much longer than anticipated.
- ▼ Inadequate subgrade material was found below the north and south existing ditches. The amount of poor soils was not anticipated from the many soil borings obtained during the design process. The removal of the poor soils and replacement with engineered fill led to increased testing and extended the construction schedule.
- ▼ City requested upgrades to the project, including:
 - ▼ Mast arms for the Clinton River Trail;
 - ▼ Sidewalk along the west side of Crooks Road north of Hamlin Road;
 - ▼ Revised roundabout signing to meet updates requested by the Road Commission for Oakland County.
- ▼ Significant claim submittals from the contractor.

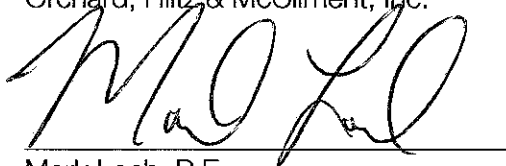
We are estimating the project will be completed for a final cost of approximately \$7,200,000. This will be an increase of almost 8% from the original contract. With the extra construction work comes the cost to inspect, provide layout, process paperwork and other administration tasks.

The original contract allowed a fee of 15% of the construction bid amount. With the anticipated construction cost estimated to be about \$500,000 over the bid amount, we are requesting OHM's contract be increased by 15% of the construction or about \$75,000. The not-to-exceed amount increases from \$999,781.71 to \$1,074,776.35. The attached CE Cost Analysis sheet and First Amendment provide the backup dollars for the requested increased cost.

If this amendment is acceptable, the City will need to forward this information to Brent Schriener at the MDOT Local Agency Program Office for processing. The federal aid received for CE services is capped at 15% of the total of the federally eligible items of work. The City is responsible for the remaining construction engineering costs.

I am available to discuss this amendment further and can set up a meeting at your office if desired. Please contact me at 734-466-4441 with any questions.

Very Truly Yours,
Orchard, Hiltz & McCliment, Inc.

A handwritten signature in black ink, appearing to read 'Mark Loch', written over a horizontal line.

Mark Loch, P.E.
Project Manager

Enclosed: First Amendment (3)

CERTIFICATION OF OVERHEAD COST RATE

MDOT Form 5108 (Version Date 12/10)

This Certification is required per U.S. Department of Transportation, Federal Highway Administration (FHWA) Order 4470.1A, and dated October 27, 2010. FHWA has issued this new policy to be effective January 1, 2011, requiring consultants provide certification that costs used to establish overhead cost rates for Federal-aid engineering and design related services contracts do not include any costs which are expressly unallowable; and that the overhead cost rate was established only with allowable costs.

This certification is to provide assurance that the overhead costs rate was calculated in accordance with the applicable cost principles contained in the Federal Acquisition Regulations (FAR) of Title 48, Code of Federal Regulations (CFR) Part 31.

This form shall be completed and submitted by the prime consultant and each subconsultant (first and second tier subconsultant(s)) that have a derivation of cost sheet as part of this priced proposal where an overhead rate was proposed.

PROJECT INFORMATION

MDOT CONTROL SECTION(S) - JOB NUMBER(S): <p style="text-align: center;">STU 63459 35908</p>	CONTRACT / AUTHORIZATION NUMBER: <p style="text-align: center;">-</p>
Hamlin Road from Crooks Road to East of Livernois Road	

DECLARATION OF CERTIFICATION

OVERHEAD COST RATE: 250%

DATE OF OVERHEAD COST RATE DETERMINATION: 1/31/2009

FISCAL PERIOD COVERED: (mm/dd/yyyy to mm/dd/yyyy) 1/1/2008 to 12/31/2008

I, the undersigned, certify that I have reviewed the overhead rate calculation for the fiscal period as specified above and to the best of my knowledge and belief:

1.) All costs included to establish the above overhead cost rate are allowable in accordance with the cost principles of the Federal Acquisition Regulation (FAR) of title 48, Code of Federal Regulations (CFR), part 31.

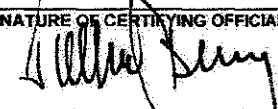
2.) This overhead cost rate does not include any costs which are expressly unallowable under the cost principles of the FAR of 48 CFR 31.

All known material transactions or events that have occurred affecting the firm's ownership, organization and overhead cost rates have been disclosed.

CONSULTANT INFORMATION

LEGAL BUSINESS NAME: Schleede-Hampton Associates, Inc.	FEDERAL ID NUMBER: (Must match prequalification file) 38-243-2687	ROLE: (Prime, Tier 1 Sub, or Tier 2 Sub) Tier 1 Sub
COMPANY ADDRESS: 2254 Cole Street Birmingham, MI 48009	EMAIL: info@schleedehampton.com	PHONE: 248-540-3044

CERTIFYING OFFICIAL

NAME OF CERTIFYING OFFICIAL: (Printed Name & Title) James Berry, Vice President	SIGNATURE OF CERTIFYING OFFICIAL: 	DATE: (mm/dd/yyyy) 2/16/2011
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CERTIFICATION OF OVERHEAD COST RATE

MDOT Form 5108 (Version Date 12/10)

This Certification is required per U.S. Department of Transportation, Federal Highway Administration (FHWA) Order 4470.1A, and dated October 27, 2010. FHWA has issued this new policy to be effective January 1, 2011, requiring consultants provide certification that costs used to establish overhead cost rates for Federal-aid engineering and design related services contracts do not include any costs which are expressly unallowable; and that the overhead cost rate was established only with allowable costs.

This certification is to provide assurance that the overhead costs rate was calculated in accordance with the applicable cost principles contained in the Federal Acquisition Regulations (FAR) of Title 48, Code of Federal Regulations (CFR) Part 31.

This form shall be completed and submitted by the prime consultant and each subconsultant (first and second tier subconsultant(s)) that have a derivation of cost sheet as part of this priced proposal where an overhead rate was proposed.

PROJECT INFORMATION

MDOT CONTROL SECTION(S) – JOB NUMBER(S):

CS STU 63459 - JN 35908

CONTRACT / AUTHORIZATION NUMBER:

PROJECT DESCRIPTION:

Hamlin Road Reconstruction, Crooks to East of Livernois

DECLARATION OF CERTIFICATION

OVERHEAD COST RATE: 187%

DATE OF OVERHEAD COST RATE DETERMINATION: 4/27/2010

FISCAL PERIOD COVERED: (mm/dd/yyyy to mm/dd/yyyy) 01/01/2009 to 12/31/2009

I, the undersigned, certify that I have reviewed the overhead rate calculation for the fiscal period as specified above and to the best of my knowledge and belief:

1.) All costs included to establish the above overhead cost rate are allowable in accordance with the cost principles of the Federal Acquisition Regulation (FAR) of title 48, Code of Federal Regulations (CFR), part 31.


2.) This overhead cost rate does not include any costs which are expressly unallowable under the cost principles of the FAR of 48 CFR 31.

All known material transactions or events that have occurred affecting the firm's ownership, organization and overhead cost rates have been disclosed.

CONSULTANT INFORMATION

LEGAL BUSINESS NAME: Orchard, Hiltz & McCliment, Inc.	FEDERAL ID NUMBER: <i>(Must match prequalification file)</i> 38-1691323	ROLE: (Prime, Tier 1 Sub, or Tier 2 Sub) Prime Firm
COMPANY ADDRESS: 34000 Plymouth Road Livonia, MI 48150	EMAIL: mark.loch@ohm-advisors.com	PHONE: 734-522-6711

CERTIFYING OFFICIAL

NAME OF CERTIFYING OFFICIAL: (Printed Name & Title) Patrick G. Wingate, PE Director of Transportation	SIGNATURE OF CERTIFYING OFFICIAL: 	DATE: (mm/dd/yyyy) 2/11/2011
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Hamlin Road Reconstruction – CE Cost Analysis

Construction Cost Basis for Additional Compensation

Original As-Bid Construction Cost	\$6,663,237
Anticipated Final Construction Cost	\$7,200,000
Additional Construction Cost (7.45% of Total Construction Cost)	\$536,763
Original CE Contract Amount (2008) (OHM's Fee as a % of Construction – 15%)	\$999,781
Remaining CE Budget	\$0
Requested CE Increase (13.9% of increased Construction Cost)	\$74,995
Proposed Construction Engineering Total	<u>\$1,074,776</u>