

Wastewater Treatment Plant Bond discussion information

- **Bond Update:** Below is a table breaking down how the maximum bond amount was generated. Deen Rogers from Baker Tilly provided this information. The maximum bond amount is \$9,375,000.

High end of construction costs	\$6,750,000
Construction contingency (see explanation below)	\$600,000
Engineering fees (Approximately \$465,000 paid to date)	\$877,000
Underwriter's discount (1%)	\$85,200
Estimated costs of issuance and misc.	\$207,800
 Total Estimated Project Costs	 \$8,520,000
 10% Contingency: (rounded up to nearest \$5,000)	 <u>\$852,000</u>
Total	\$9,375,000

- **Construction Contingency:** (+/- 10% of 6 Million): \$600K to use for the following purposes:
 - Change Orders
 - Unknown site conditions found by the contractor
 - Defects in the existing plant found during construction. Air leaks are an example.
 - Owner upgrading different equipment/materials than designed
 - Other costs
 - Motorized valve operators
 - Purchasing of office equipment and furniture
 - Networking the new office space
 - Door lock keypads

Wastewater Treatment Plant Bid discussion information

- **Authorize use of a Limited Notice to Proceed:** A notice to proceed is just a method of instructing a contractor that he may begin construction. A limited notice to proceed would allow a contractor to start construction with the limitation of not exceeding a defined spending limit. This is a tool that allows some construction to begin without assumption that the bond will close without issue. Matt Whitaker and I are proposing a \$1,500,000 limit which is easily covered by our cash on hand and give enough cash to cover many of the initial items that the contractor would be working on. The contractor could begin on April 14 rather than delay until the bond closes in June. At the June council meeting we would then issue the full notice to proceed.

- **Pre-order of equipment:** Whitaker and staff are proposing ordering of the blower and the AeroMod equipment prior to bidding the project. These items have extremely long lead time for manufacture and shipping. The delivery of these two items are both critical to the construction schedule we have planned out. By pre-ordering, we can have the shop drawings prepared and likely reviewed near the time when we award the project. We can then order and get into the queue with both vendors. Manufacture does take an extended period especially for the blower.

The Public Works Committee recommended to authorize both shop drawings and production. Gregg Morelock, Matt Whitaker and I talked today. After going through the details on the agreement and discussing the advantages and disadvantages, we agreed to recommend that the town council pay for the equipment separately from the contractor's contract. The two major advantages are timing and cost savings. The cost savings would be by reducing or eliminating a contractor's markup on these two big ticket items. The blower from S&K costs \$385,863. The AeroMod equipment costs \$549,600. The agreements with both vendors would be included in the bid documents along with terms on what the contractor would be responsible for.

AeroMod (\$549,600 for full authorization)
 10% for shop drawings: \$54,960
 25% to authorize production: \$137,400
S&K (\$385,863 for full authorization)
 15% for shop drawings: \$57,879.45
 50% to authorize production): \$192,931.50