

Technical Memorandum

To: Dan Jonasson, Public Works Director
City of Minot

From: Joe Reiter, Project Engineer
Houston Engineering, Inc.

Project: 3rd St - 1 MG Tank Demo and Piping Improvements Project

Subject: Construction Budget Update, City of Minot Project No. 4488

Date: August 24, 2021

INTRODUCTION

This purpose of this Memorandum is to provide a budget update for the 3rd St – 1 MG Tank Demo and Piping Improvements Project, City Project No. 4488. This memo outlines budget status in terms of final construction engineering, and overall project performance for your consideration.

The table below illustrates a comparison of the current Task Order budget, HEI services invoiced through August 14, 2021, and our estimate to complete the project through the final payment and Dig It Up Backhoe Services' contract closeout process:

Task Order Phase	Current Budget	Invoiced through August 14, 2021	Remaining Budget	Estimate to Complete	Apparent Budget Shortfall
Phase 1 - Preliminary and Final Design	\$ 30,000.00	\$ 23,524.08	\$ 6,475.92	\$ -	\$ (6,475.92)
Phase 2 - Bidding Phase	\$ 7,560.00	\$ 7,018.80	\$ 541.20	\$ -	\$ (541.20)
Phase 3 - Construction Management Phase	\$ 20,900.00	\$ 19,202.20	\$ 1,697.80	\$ -	\$ (1,697.80)
Phase 4 - RPR Services	\$ 28,800.00	\$ 40,582.97	\$ (11,782.97)	\$ -	\$ 11,782.97
Phase 5 - Post Construction Services	\$ 6,020.00	\$ 6,517.16	\$ (497.16)	\$ 5,015.69	\$ 5,512.85
Phase 6 - Commissioning	\$ 4,720.00	\$ 1,139.10	\$ 3,580.90	\$ -	\$ (3,580.90)
Totals:	\$ 98,000.00	\$ 97,984.31	\$ 15.69	\$ 5,015.69	\$ 5,000.00

The table reflects a budget surplus available under the Preliminary and Final Design and Commissioning phases. While this surplus helps to offset the total project shortfall, there is a larger budget deficit under the RPR and Post Construction phases. These deficits result in a projected total project budget shortfall of \$5,000.

The Piping Improvements portion of the project consisted of replacing water main valves that had previously been identified by the City of Minot for replacement. During construction, there were four other valves that were identified for replacement and added to the project on June 24th, 2021, and June 29th, 2021.

The RPR Services component of the Task Order has a budget shortfall of \$11,785.97. This deficit is attributed to the labor costs of the construction observers and direct pass-through costs of the independent testing laboratories required for the coordination and replacement of the additional valves.

The Post Construction Services component of the Task Order has a budget shortfall of \$5,512.85. The additional costs under this phase are also attributed to the extra valve replacements as additional labor was needed to create accurate record drawings of these valve locations that were not included in the original construction drawings.

With reference to Exhibit A of the Task Order Agreement (A 2.01.B), “...*For such Additional Services, Engineer need not request or obtain specific advance written authorization from Owner.*” Additionally, subpart B.1 refers to, “*Services in connection with Work Change Directives and Change Orders to reflect changes requested by Owner.*”

In summary, Part 6 Section A of the Task Order permits that “*Engineer may alter the distribution of compensation between individual phases (line items) to be consistent with the services actually rendered*”, such as what we are proposing for areas of basic service budget surpluses as summarized in the table herein.

Additionally, the RPR and Post Construction overages are a direct cause and effect of the additional construction work added during the project, and pursuant to Task Order Agreement Exhibit A 2.01.B, we ask for your consideration in recommending the approval of the increase in the construction engineering related tasks by the amounts shown above, after considering the budget surpluses available in the other phases of the Task Order, i.e. a total Task Order increase of \$5,000.00.

JR