

**FOR BOARD ACTION**

Agenda Item # 8.b.

Meeting Date:

9/28/04

**SUBJECT:**

General Construction Silver Lake Plant Modification Project Contract 03-23-E  
Change Order 001

**PREPARED BY:**

Wally Schlink, Director of Power Resources

ITEM DESCRIPTION:

Background: At the regularly scheduled March 25, 2003 Utility Board meeting, a contract with Hinnecc Inc. was approved for the modification of the Silver Lake Plant to provide steam to Prospect Utility Plant from the existing facilities. The contract was signed in August 2003 and substantial completion was scheduled for May, 2004. The value of the initial contract was \$2,687,000.

The general scope of the General Construction Silver Lake Plant Modification Project is:

Provide high pressure piping including valves, steam traps, fittings, supports, insulation and instrumentation inside SLP to connect four existing boilers to new export steam pipe.

Provide high pressure piping including valves, fittings, supports and insulation to connect drains, condensate return piping, pressure reducing stations, desuperheater, deaerator and other miscellaneous equipment.

Install owner furnished water treatment equipment. Provide and install piping, tanks and equipment for the treated water system, potable water system, dirty condensate system, clean condensate system and other related systems.

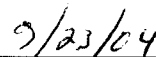
Provide and install structural changes to facility per design.

Provide electrical feeder circuits and supply to equipment. Provide Delta V control system hardware for expansion of existing systems to include modifications.

Pre-construction activities including purchase of materials have taken place under this contract but no physical construction activities have begun.

Due to the delay in the start in construction and the procurement of materials related to construction permit issuance RPU staff has requested that Stanley Consultants update this contract to include any changes in scope or delay impacts associated with the revised schedule.

  
General Manager

  
Date

2 of 2  
**FOR BOARD ACTION**

**Agenda Item #** 8.b.

**Meeting Date:**

9/28/04

The changes are identified as ITC 001 through ITC 007 on the attachment. The changes related to changes of scope are \$53,920. The changes related to project to construction permit delays are \$345,500 for a change order total of \$399,420. The increase is primarily due to increase in materials.

These changes are for the portion of the project that will be recovered through the "steam rate" and will be incorporated into the final rate charged to the end customer for the commodity.

Attached is the recommendation from Stanley Consultants and the support documentation which specifically defines the changes and related costs.

UTILITY BOARD ACTION REQUESTED:

Staff recommends that the Utility Board approve a change order to the contract with Himec Inc. in the amount of \$399,420 for the General Construction Silver Lake Plant Modifications Project. This brings the total amount of the contract to \$3,086,420

\_\_\_\_\_  
General Manager

\_\_\_\_\_  
Date



# Stanley Consultants INC.

A Stanley Group Company  
Engineering, Environmental and Construction Services - Worldwide

September 15, 2004

Mr. Walter Schlink  
Rochester Public Utilities  
4000 East River Road NE  
Rochester, MN 55906-2813

Dear Mr. Schlink:

Subject: Change Order Review for Cost Increases Due To Permitting Delays

As agreed upon, Stanley Consultants requested that the contractors, for each of the three contracts, submit proposals for increase costs due to the delay caused by the legal issues associated in the approval of the environmental permit.

The following proposals were received and reviewed:

Contractor	Original Contract	Inflationary Cost Increase	Revised Contract Cost	Percent Increase	Contract
Knutson Construction Services	\$4,360,000	\$995,085	\$5,355,085	22.82%	RPR Steam & Condensate Lines
HiMECH Mechanical	\$2,687,000	\$345,500	\$3,032,500	12.86%	Silver Lake Plant Modifications
Wrigley Mechanical	\$ 63,722	\$ 13,466	\$ 76,188	21.47%	Silver Lake Plant Valve Tie In's - Labor Only

Wrigley Mechanical's price increase dealt with labor costs only. Price quotes for the X-ray and Heat Treat, according to Mr. Wrigley, can not be determined until the actual shutdown schedule for next April is made available. When that schedule has been determined, Mr. Wrigley will be able to submit a complete price for the Silver Lake Plant Modifications valve tie-in scope of work.

It seemed prudent in reviewing the submitted increased costs to approach each work task separately, considering the overall percentage increase requested, and comparing that increase with both the historical price increases and the percent increase forecast for the year 2005. When a task appeared to be questionable, I asked the contractor to supply additional documentation or adjust the pricing accordingly.

In the September 6, 2004, issue of Engineering News-Record, a weekly news publication for the construction industry, it was reported that steel prices have increased within the last year 26.2 percent, lumber prices increased 23.2 percent, and cement is up 1.9 percent.

These figures are historical. The forecast resources that I have reviewed report rising costs to continue. While there is disagreement as to the anticipated percentage of increase, the expectation of increased cost is unanimous.

Several factors that are taking place now will have a dramatic influence on the markets during the time frame of the three projects. The high oil prices continue to have an affect on the prices of gasoline, diesel fuel, asphalt, and PVC piping products. Fuel prices are also questionable due to the uncertainty of increased fuel taxes. Lumber prices have risen substantially and the increased demands created by the Florida storm activity have forecasters anticipating even greater price increases. The highly volatile steel market is not expected to stabilize, according to some sources, for at least another four to five years.

Within the last six months, the overall labor market in the various crafts, nationwide, have seen increases of as much as 8%, driving the overall national labor index upwards 5%. It is my understanding that there may be significant future labor increases during the time frame of these three contracts.

There does not seem to be an estimating process that has taken account of some of the fluctuating economic markets that have affected these two projects. For example, R.S. Means, an estimating system highly incorporated in the industry, reports a \$10 increase in the horizontal boring task of a 24" casing between the years 2002 and 2004. Within the last year, steel prices have risen significantly and R.S. Means does not account for this increase, probably due to the price increase happening after the estimating tables were published. One cannot rely on a single estimating process to analysis the price increases for these two projects.

There has been no hesitation by any of the contractors to provide documentation for these increases. This indicates that if there is profit taking being done in these increases; it is not on the contractor's level. Contractor's risk management procedures for the volatile markets and unknown pricing variations would generally call for additional sums to cover any anticipation of upward changes in those markets. While it is apparent that this has indeed occurred, I am confident that the contractors pricing strategies are within reason, and are justifiable, when the current market activity is considered.

With all of the above taken into account, it is the opinion of Stanley Consultants that these costs are reasonable and justifiable for both historical and future cost anticipation, and should be considered as valid additional costs to each of the three contracts.

If there are any further questions, comment, or concerns, please contact me.

Sincerely,

Stanley Consultants, Inc.



Gary L. Phillips

Resident Project Representative

cc: Mr. Mark Henthorn, Stanley Consultants



# Stanley Consultants INC.

A Stanley Group Company  
Engineering, Environmental and Construction Services - Worldwide

September 21, 2004

Walter Schlink  
Rochester Public Utilities  
4000 East River Road NE  
Rochester, MN 55906-2813

Dear Mr. Schlink,

Subject: Silver Lake Modification Project Change Order Packet 001

Please refer to the enclosed proposed change order packet containing the change proposals submitted by HiMec Mechanical pertaining to scope changes directed through Stanley Consultants' Instruction to Contractors, numbers 001 through 007.

The attached table lists the proposed cost changes according to Instruction to Contractor number and the associated monetary amount. After reviewing each of these proposals and the associated back-up documentation, it is the opinion of Stanley Consultants, Inc., that the price adjustments represented here are within reasonable costs parameters for the directed scope changes.

<b>Original Contract Amount</b>		<b>\$2,687,000</b>
ITC 001	\$31,980	
ITC 002	-0-	
ITC 003	\$14,710	
ITC 004	\$7,230	
ITC 005	-0-	
ITC 006	\$345,500	
ITC 007	Declined	
Total of ITC's		399,420
<b>Revised Contract Amount</b>		<b>\$3,086,420</b>

It is, therefore, the recommendation of Stanley Consultants that these amounts be approved and incorporated into the contract documents.

If there are any questions, concerns, or comments, please contact me.

This document was also sent electronically



Walter Schlink  
September 21, 2004  
Page 2

Sincerely,

Stanley Consultants, Inc.

A handwritten signature in black ink, appearing to read 'Gary Phillips', written in a cursive style.

Gary L. Phillips  
Resident Project Representative

cc: Mr. Mark Henthorn, Stanley Consultants



## INSTRUCTION TO CONTRACTOR

Silver Lake Plant Modifications - RPU

Project

Project No. 15545.02

HiMEC

Contractor

Contract No. 2A

General Construction

Contract Description

Instruction No. 001

Date July 15, 2003

This instruction is issued to:

- Clarify drawings, specifications, or procedures.
- Request a proposal.
- Transmit drawings or documents for incorporation into the work.
- Other

1. Provide final insulation of the piping and valves associated with the valve cut-in project by Wrigley Mechanical that directly interfaces with the Silver Lake Plant Modifications project. During the project meeting of July 8, 2003 at SLP, HiMEC stated that their insulation subcontractor is Southern Minnesota Insulation.

Approximately six months ago Southern Minnesota Insulation provided a cost proposal directly to RPU (Tom Williamson) for associated asbestos removal and temporary re-insulation of piping in preparation for the valve cut-in phase of work. The permanent insulation requested above shall cover the same piping as the temporary insulation scope of work plus approximately 10 feet of pipe and root valve at each valve cut-in location. Drawings included in the original RFP were:

M249, Rev. 0  
M250, Rev. 0  
M251, Rev. 0  
M255, Rev. 0  
M256, Rev. 0  
M260, Rev. 0  
M262, Rev. 0  
M264, Rev. 0  
M265, Rev. 0

IF, IN YOUR OPINION, THIS INSTRUCTION INVOLVES WORK WHICH CHANGES THE CONTRACT PRICE OR TIME, YOU MUST SUBMIT A PROPOSAL OR NOTICE AS REQUIRED IN THE CONTRACT DOCUMENTS.

STANLEY CONSULTANTS

BY:

Mark Hawthorn







BUILDING TRUST & SOLUTIONS

Mechanical Contractors  
 1400 N.W. 7th Street • P.O. Box 4700  
 Rochester, MN 55903-4700  
 Phone # 507/281-4000 • Fax # 507/281-5206  
 www.himec.com

Thursday, September 02, 2004

Gary Phillips  
 Stanley Consultants  
 225 Iowa Avenue  
 Muscatine, IA 52761

RE: RPU Silver Lake Plant Modifications  
 ITC #6 – Environmental Appeal Denied – Adjusted Pricing —

Dear Gary,

The following is the price associated with all labor rate, material, and equipment price increases that have occurred since the original contract values were put together. The below listed price does not incorporate any ITC's or other scope changes. See the list below for the price changes associated with the ITC's issued to date as well as other scope changes.

Current Contract Amount:	\$ 2,687,000.00
Total Proposed Contract Add:	\$ 345,500.00
<u>Proposed Contract Changes Associated with ITC's issued to date:</u>	
ITC #1 – Valve Tie-in Insulation	Proposed Contract Add: \$ 31,980.00
ITC #3 – Control Valve Changes	Proposed Contract Add: \$ 14,710.00
ITC #4 – Additional Novaspect Instruments	Proposed Contract Add: \$ 7,230.00

There are no cost changes associated with ITC #'s 2 & 5.

Please see the attached sheets for a breakdown of the associated costs.  
 Should you need or desire additional information please feel free to contact me.

Sincerely,

Timothy J. Jungers

HiMEC, Inc.

DATE: 9/2/04

TO: Stanley Consultants

CHANGE ORDER PROPOSAL 1  
 SUBMITTED #  
 TIME EXTENSION NONE

JOB #: 6142-03  
 NAME RPU Silver Lake Plant Modifications  
 ARCHITECT Stanley Consultants

JOB DESCRIPTION: ITC #001 - Valve cut-in insulation (piping and valves)

1.	MATERIAL		<u>0.00</u>	
2.	EQUIPMENT		<u>0.00</u>	
3.	FREIGHT	0 %	<u>0.00</u>	
4.	SUBTOTAL ON MATERIAL			<u>0.00</u>
5.	SALES TAX	7 %		<u>0.00</u>
6.	P & O ON MATERIAL	15 %		<u>0.00</u>
7.	LABOR	0 HOURS @ 50.53	<u>0.00</u>	
	LABOR	HOURS @	<u>0.00</u>	
	LABOR	HOURS @	<u>0.00</u>	
8.	INSURANCE	%	<u>0.00</u>	
9.	TRAVEL & SUBSISTENCE		<u>0.00</u>	
10.	DRAYAGE	2 %	<u>0.00</u>	
11.	TEST & CLEANUP	3 %	<u>0.00</u>	
12.	TOOLS & EQUIPMENT	3 %	<u>0.00</u>	
13.	SUPERVISION	10 %	<u>0.00</u>	
14.	LABOR SUBTOTAL			<u>0.00</u>
15.	P & O ON LABOR	15 %		<u>0.00</u>
13.	SUBCONTRACTS			
	A. MECHANICAL INSULATION		<u>29,860.00</u>	
	B. CRANE / LULL			
	C. TEMPERATURE CONTROL			
	D. TEST & BALANCE			
	E. SEWER & WATER			
	F. FIRE PROTECTION			
	G. GENERAL CONSTRUCTION			
17.	SUBCONTRACTOR SUBTOTAL			<u>29,860.00</u>
18.	SUBCONTRACTOR P & O	5 %		<u>1,493.00</u>
19.	PERMITS	1 %		<u>313.53</u>
20.	SPECIAL INSURANCE			
21.	BONDS	1 %		<u>313.53</u>
22.	MODIFIER			<u>-0.06</u>
23.	TOTAL CHANGE			<u>31,980.00</u>

SUBMITTED BY: Tim Jungers



## INSTRUCTION TO CONTRACTOR

Silver Lake Plant Modifications - RPU  
Project

Project No. 15545.02

HiMEC  
Contractor

Contract No. 2A

General Construction  
Contract Description

Instruction No. 002

Date November 17, 2003

This instruction is issued to:

- Clarify drawings, specifications, or procedures.
- Request a proposal.
- Transmit drawings or documents for incorporation into the work.
- Other

1. Modify the dirty condensate pumps as follows:

Upon review of the pumping system, it has been determined that 140 ft of head is in excess of the system requirements. Provide a Model 3196, size 2x3-10 MTX with the impeller trimmed to 8-1/4-in (approximately 67 ft of head at 150 gpm.) Motor size may be reduced based on the non-overloading horsepower with the above impeller; however, minimum motor size shall be 7-1/2 horsepower.

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IF IN YOUR OPINION, THIS INSTRUCTION INVOLVES WORK WHICH CHANGES THE CONTRACT PRICE OR TIME, YOU MUST SUBMIT A PROPOSAL OR NOTICE AS REQUIRED IN THE CONTRACT DOCUMENTS.

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STANLEY CONSULTANTS  
BY: Mark Henthorn  
Mark Henthorn



BUILDING TRUST &amp; SOLUTIONS

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 Rochester, MN 55903-4700  
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 www.himec.com

Thursday, September 02, 2004

Gary Phillips  
 Stanley Consultants  
 225 Iowa Avenue  
 Muscatine, IA 52761

RE: RPU Silver Lake Plant Modifications  
 ITC #6 – Environmental Appeal Denied – Adjusted Pricing —

Dear Gary,

The following is the price associated with all labor rate, material, and equipment price increases that have occurred since the original contract values were put together. The below listed price does not incorporate any ITC's or other scope changes. See the list below for the price changes associated with the ITC's issued to date as well as other scope changes.

Current Contract Amount:	\$ 2,687,000.00
Total Proposed Contract Add:	\$ 345,500.00
<u>Proposed Contract Changes Associated with ITC's issued to date:</u>	
ITC #1 – Valve Tie-in Insulation	Proposed Contract Add: \$ 31,980.00
ITC #3 – Control Valve Changes	Proposed Contract Add: \$ 14,710.00
ITC #4 – Additional Novaspect Instruments	Proposed Contract Add: \$ 7,230.00

There are no cost changes associated with ITC #'s 2 & 5.

Please see the attached sheets for a breakdown of the associated costs.  
 Should you need or desire additional information please feel free to contact me.

Sincerely,

Timothy J. Jungers



## INSTRUCTION TO CONTRACTOR

Silver Lake Plant Modifications - RPU  
Project

Project No. 15545.02

HiMEC  
Contractor

Contract No. 2A

General Construction  
Contract Description

Instruction No. 003

Date December 19, 2003

This instruction is issued to:

- Clarify drawings, specifications, or procedures.
- Request a proposal.
- Transmit drawings or documents for incorporation into the work.
- Other

1. Revise 4" three-way level control valve 0CN02LCV to 3" two-way level control valve.
2. Add 2" pressure control valve 0CN01PCV.

The following documents represent this revision:

Drawing M203 Revision 2  
Data sheet 501.18-01  
Data sheet 501.08-01

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IF, IN YOUR OPINION, THIS INSTRUCTION INVOLVES WORK WHICH CHANGES THE CONTRACT PRICE OR TIME,  
YOU MUST SUBMIT A PROPOSAL OR NOTICE AS REQUIRED IN THE CONTRACT DOCUMENTS.

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STANLEY CONSULTANTS  
BY: Mark Henthorn  
Mark Henthorn



BUILDING TRUST &amp; SOLUTIONS

Mechanical Contractors

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Rochester, MN 55903-4700

Phone # 507/281-4000 • Fax # 507/281-5206

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Thursday, September 02, 2004

Gary Phillips  
 Stanley Consultants  
 225 Iowa Avenue  
 Muscatine, IA 52761

RE: RPU Silver Lake Plant Modifications  
 ITC #6 – Environmental Appeal Denied – Adjusted Pricing —

Dear Gary,

The following is the price associated with all labor rate, material, and equipment price increases that have occurred since the original contract values were put together. The below listed price does not incorporate any ITC's or other scope changes. See the list below for the price changes associated with the ITC's issued to date as well as other scope changes.

Current Contract Amount: \$ 2,687,000.00

Total Proposed Contract Add: \$ 345,500.00

Proposed Contract Changes Associated with ITC's issued to date:

ITC #1 – Valve Tie-in Insulation	Proposed Contract Add:	\$ 31,980.00
ITC #3 – Control Valve Changes	Proposed Contract Add:	\$ 14,710.00
ITC #4 – Additional Novaspect Instruments	Proposed Contract Add:	\$ 7,230.00

There are no cost changes associated with ITC #'s 2 & 5.

Please see the attached sheets for a breakdown of the associated costs.  
 Should you need or desire additional information please feel free to contact me.

Sincerely,

Timothy J. Jungers

DATE: 9/2/04

TO: Stanley Consultants

CHANGE ORDER PROPOSAL 3

SUBMITTED #:

TIME EXTENSION NONE

JOB # 6142-03

NAME: RPU Silver Lake Plant Modifications

ARCHITECT Stanley Consultants

JOB DESCRIPTION: ITC#003 - Revise 4" three-way valve to 3" two-way and add 2" control valve

1.	MATERIAL			11,557.59	
2.	EQUIPMENT			0.00	
3.	FREIGHT	0 %		0.00	
4.	SUBTOTAL ON MATERIAL				11,557.59
5.	SALES TAX	7 %			809.03
6.	P & O ON MATERIAL		15 %		1,854.99
7.	LABOR	3	HOURS @ 50.53	151.59	
	LABOR		HOURS @	0.00	
	LABOR		HOURS @	0.00	
8.	INSURANCE	%		0.00	
9.	TRAVEL & SUBSISTENCE			0.00	
10.	DRAYAGE		0 %	0.00	
11.	TEST & CLEANUP		3 %	4.55	
12.	TOOLS & EQUIPMENT		3 %	4.55	
13.	SUPERVISION		10 %	15.16	
14.	LABOR SUBTOTAL				175.84
15.	P & O ON LABOR		15 %		26.38
16.	SUBCONTRACTS				
	A.	MECHANICAL INSULATION			
	B.	CRANE / LULL			
	C.	TEMPERATURE CONTROL			
	D.	TEST & BALANCE			
	E.	SEWER & WATER			
	F.	FIRE PROTECTION			
	G.	GENERAL CONSTRUCTION			
17.	SUBCONTRACTOR SUBTOTAL				0.00
18.	SUBCONTRACTOR P & O		5 %		0.00
19.	PERMITS	1 %			144.24
20.	SPECIAL INSURANCE				
21.	BONDS	1 %			144.24
22.	MODIFIER				-2.31
23.	TOTAL CHANGE				14,710.00

SUBMITTED BY: Tim Jungers



# ESTIMATE SHEET # 1

SPEC.	PARA	DESCRIPTION	QUANTITY	MATERIAL	TOTAL AMOUNT	GROSS LABOR		LABOR GROSS
				UNIT PRICE		UNIT LABOR	MULT.	
					\$9.00		1.00	0
					\$0.00		1.00	0
					\$0.00		1.00	0
		3" two-way control valve	1	\$10,394.78	\$10,394.78	4.5	1.00	4.5
					\$0.00		1.00	0
		2" control valve	1	\$7,403.70	\$7,403.70	3.5	1.00	3.5
					\$0.00		1.00	0
		Credit for 4" three-way valve	1	-\$8,322.40	-\$8,322.40	-5	1.00	-5
					\$0.00		1.00	0
		Cancellation charges for 4" three-way valve	\$1.00	\$2,081.51	\$2,081.51		1.00	0
		(See attached quote from Novaspec for further detail)			\$0.00		1.00	0
					\$0.00		1.00	0
					\$0.00		1.00	0
					\$0.00		1.00	0
					\$0.00		1.00	0
					\$0.00		1.00	0
					\$0.00		1.00	0
					\$0.00		1.00	0
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					\$0.00		1.00	0
					\$0.00		1.00	0
					\$0.00		1.00	0
					\$0.00		1.00	0
					\$0.00		1.00	0
					\$0.00		1.00	0
					\$0.00		1.00	0
TOTAL MATERIAL					\$11,557.59			TOTAL HOURS



## INSTRUCTION TO CONTRACTOR

Silver Lake Plant Modifications - RPU  
Project

Project No. 15545.02

HiMEC  
Contractor

Contract No. 2A

General Construction  
Contract Description

Instruction No. 004

Date January 28, 2004

This instruction is issued to:

- Clarify drawings, specifications, or procedures.
- Request a proposal.
- Transmit drawings or documents for incorporation into the work.
- Other

1. Incorporate instruments into the project bill of materials that were missing from the list of supply from NOVAspect as identified in NOVAspect's change order #1 (attached).
2. Item 1, listed as Rosemount 8711/8742 Mag Flow tube/transmitter for city water flow (161.02-01, Tag OWS02FE/FT). Change this flow element/transmitter from a 4" body to a 2" body. This city water line shall transition into and out of the flow element/transmitter.

Attached:

NOVAspect Change Order #1 request  
Data Sheet 161.02-01 rev. 1 dated 1/28/04

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IF, IN YOUR OPINION, THIS INSTRUCTION INVOLVES WORK WHICH CHANGES THE CONTRACT PRICE OR TIME, YOU MUST SUBMIT A PROPOSAL OR NOTICE AS REQUIRED IN THE CONTRACT DOCUMENTS.

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STANLEY CONSULTANTS  
BY: Mark Henthorn  
Mark Henthorn

HIMEC, Inc.

DATE: 9/2/04

TO: Stanley Consultants

CHANGE ORDER PROPOSAL 2

SUBMITTED #:

TIME EXTENSION: NONE

JOB #: 6142-03

NAME: RPU Silver Lake Plant Modifications

ARCHITECT Stanley Consultants

JOB DESCRIPTION: ITC#004 - Novaspect Change Order Request (CO#1) - See attached for description

1.	MATERIAL		<u>5,761.00</u>
2.	EQUIPMENT		<u>0.00</u>
3.	FREIGHT	0 %	<u>0.00</u>
4.	SUBTOTAL ON MATERIAL		<u>5,761.00</u>
5.	SALES TAX	7 %	<u>403.27</u>
6.	P & O ON MATERIAL	15 %	<u>924.64</u>
7.	LABOR	0 HOURS @ 50.53	<u>0.00</u>
	LABOR	HOURS @	<u>0.00</u>
	LABOR	HOURS @	<u>0.00</u>
8.	INSURANCE	%	<u>0.00</u>
9.	TRAVEL & SUBSISTENCE		<u>0.00</u>
10.	DRAYAGE	0 %	<u>0.00</u>
11.	TEST & CLEANUP	3 %	<u>0.00</u>
12.	TOOLS & EQUIPMENT	3 %	<u>0.00</u>
13.	SUPERVISION	10 %	<u>0.00</u>
14.	LABOR SUBTOTAL		<u>0.00</u>
15.	P & O ON LABOR	15 %	<u>0.00</u>
16.	SUBCONTRACTS		
	A. MECHANICAL INSULATION		
	B. CRANE / LULL		
	C. TEMPERATURE CONTROL		
	D. TEST & BALANCE		
	E. SEWER & WATER		
	F. FIRE PROTECTION		
	G. GENERAL CONSTRUCTION		
17.	SUBCONTRACTOR SUBTOTAL		<u>0.00</u>
18.	SUBCONTRACTOR P & O	5 %	<u>0.00</u>
19.	PERMITS	1 %	<u>70.89</u>
20.	SPECIAL INSURANCE		
21.	BONDS	1 %	<u>70.89</u>
22.	MODIFIER		<u>-0.69</u>
23.	TOTAL CHANGE		<u>7,230.00</u>

SUBMITTED BY: Tim Jungers



**INSTRUCTION TO CONTRACTOR**

Silver Lake Plant Modifications - RPU  
Project

Project No. 15545.02

HiMEC  
Contractor

Contract No. 2A

General Construction  
Contract Description

Instruction No. 005

Date July 15, 2004

This instruction is issued to:

- Clarify drawings, specifications, or procedures.
- Request a proposal.
- Transmit drawings or documents for incorporation into the work.
- Other

1. Incorporate the following revision to the Project Manual:

DRAWINGS

The following drawings have been revised, as indicated by revision number, and are reissued herewith. These drawings are modified to reflect the 0.5 foot increase in building floor elevation to resolve a Public Works plan check comment.

<u>Drawing No.</u>	<u>Title</u>	<u>Rev. No.</u>
15545-M223	Water Treatment Building Mechanical Piping Plan	1
15545-M226	Water Treatment Building Mechanical Sections	1
15545-M227	Water Treatment Building HVAC and Plumbing Plan	1
15545-M229	Water Treatment Building Pipe Support Plan	1

IF IN YOUR OPINION, THIS INSTRUCTION INVOLVES WORK WHICH CHANGES THE CONTRACT PRICE OR TIME, YOU MUST SUBMIT A PROPOSAL OR NOTICE AS REQUIRED IN THE CONTRACT DOCUMENTS.

STANLEY CONSULTANTS  
BY: Mark Henthorn  
Mark Henthorn



BUILDING TRUST & SOLUTIONS

**Mechanical Contractors**  
 1400 N.W. 7th Street • P.O. Box 4700  
 Rochester, MN 55903-4700  
 Phone # 507/281-4000 • Fax # 507/281-5206  
 www.himec.com

Thursday, September 02, 2004

Gary Phillips  
 Stanley Consultants  
 225 Iowa Avenue  
 Muscatine, IA 52761

RE: RPU Silver Lake Plant Modifications  
 ITC #6 – Environmental Appeal Denied – Adjusted Pricing —

Dear Gary,

The following is the price associated with all labor rate, material, and equipment price increases that have occurred since the original contract values were put together. The below listed price does not incorporate any ITC's or other scope changes. See the list below for the price changes associated with the ITC's issued to date as well as other scope changes.

Current Contract Amount:		\$ 2,687,000.00
Total Proposed Contract Add:		\$ 345,500.00
<u>Proposed Contract Changes Associated with ITC's issued to date:</u>		
ITC #1 – Valve Tie-in Insulation	Proposed Contract Add:	\$ 31,980.00
ITC #3 – Control Valve Changes	Proposed Contract Add:	\$ 14,710.00
ITC #4 – Additional Novaspect Instruments	Proposed Contract Add:	\$ 7,230.00

There are no cost changes associated with ITC #'s 2 & 5.

Please see the attached sheets for a breakdown of the associated costs.  
 Should you need or desire additional information please feel free to contact me.

Sincerely,

Timothy J. Jungers



**INSTRUCTION TO CONTRACTOR**

Silver Lake Plant Modifications - RPU  
Project

Project No. 15545.02

HiMEC  
Contractor

Contract No. 2A

General Construction  
Contract Description

Instruction No. 006

Date August 12, 2004

This instruction is issued to:

- Clarify drawings, specifications, or procedures.
- Request a proposal.
- Transmit drawings or documents for incorporation into the work.
- Other

1. Project Schedule.

The environmental appeal by outside organizations against this project has been denied and the Owner is imminently expecting notification of permission to begin construction.

A revised detailed project schedule is being developed. It is intended to be similar to the past schedule with construction starting on RPU property with grading and construction of the new water treatment building, installation of the drain line across the coal yard and installation of the segment 9 piping this autumn by others. Also this autumn, Wrigley Mechanical, under separate contract, will perform the valve cut in work during utility scheduled shutdowns. This contract will perform piping work within Silver Lake Plant and the water treatment building during late autumn and throughout the winter. Work within the public domain will begin when weather breaks in spring 2005 with steam line blow and commissioning beginning November 14, 2005 and project closeout by the end of January 2006.

Develop and submit associated contract price changes associated with labor rate and material price changes from the initial contract values. Incorporate previous ITC numbers 001, 002, 003, 004, and 005.

IF IN YOUR OPINION, THIS INSTRUCTION INVOLVES WORK WHICH CHANGES THE CONTRACT PRICE OR TIME, YOU MUST SUBMIT A PROPOSAL OR NOTICE AS REQUIRED IN THE CONTRACT DOCUMENTS.

STANLEY CONSULTANTS  
BY: Mark Henthorn  
Mark Henthorn



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 Rochester, MN 55903-4700  
 Phone # 507/281-4000 • Fax # 507/281-5206  
 www.himec.com

Thursday, September 02, 2004

Gary Phillips  
 Stanley Consultants  
 225 Iowa Avenue  
 Muscatine, IA 52761

RE: RPU Silver Lake Plant Modifications  
 ITC #6 – Environmental Appeal Denied – Adjusted Pricing —

Dear Gary,

The following is the price associated with all labor rate, material, and equipment price increases that have occurred since the original contract values were put together. The below listed price does not incorporate any ITC's or other scope changes. See the list below for the price changes associated with the ITC's issued to date as well as other scope changes.

Current Contract Amount:		\$ 2,687,000.00
Total Proposed Contract Add:		\$ 345,500.00
<u>Proposed Contract Changes Associated with ITC's issued to date:</u>		
ITC #1 – Valve Tie-in Insulation	Proposed Contract Add:	\$ 31,980.00
ITC #3 – Control Valve Changes	Proposed Contract Add:	\$ 14,710.00
ITC #4 – Additional Novaspect Instruments	Proposed Contract Add:	\$ 7,230.00

There are no cost changes associated with ITC #'s 2 & 5.

Please see the attached sheets for a breakdown of the associated costs.  
 Should you need or desire additional information please feel free to contact me.

Sincerely,

Timothy J. Jungers

RPU Silver Lake Plant Modification  
Updated Project Costs

ITEM DESCRIPTION	PRICE INCREASE
<b>MATERIALS</b>	<b>\$195,836.00</b>
Including:	
Semi-Engineered Supports	
Valves	
Pipe & Fittings	
Mechanical Insulation	
Steam Tie-Ins by Wrigley Mechanical	
Strainers	
Steam Traps	
Auto-Recirculating Valves	
Flash Tanks (2)	
Blowdown Tank	
Condensate Tanks (2)	
Treated Water Tank	
Expansion Joints	
Air Compressor & Dryer	
Condensate Transfer (3)	
Dirty Condensate (2)	
Clean Condensate (3)	
Treated Water (2)	
Hose Bibbs	
Backflow Preventers	
Emergency Eyewash/ Shower	
Dom. Water Heater	
Electric Unit Heater	
Deaerating Heater	
Sink Cabinet Assembly	
Basic Elec. Materials & Methods	
Grounding	
Raceway	
Low Voltage Adj. Spd. Drive	
Power Distribution	
Motor Control Centers	
Misc. Control EQ	
Fiber Optic Cable Systems	
X-Ray of Welds	
Desuperheating Pumps	

ITEM DESCRIPTION	PRICE INCREASE
<b>LABOR</b>	<b>\$55,244.00</b>
<b>SUBCONTRACTS</b>	<b>\$71,574.00</b>
Including:	
Mechanical Insulation	
NDE Testing (X-Ray of welds)	
Temperature Control	
General Construction	
Electrical (DIV. 16)	
Crane	
Post-weld Treatment	
<b>OPERATING EXPENSES</b>	<b>\$18,670.00</b>
Including:	
Mobilization	
Drayage	
Permit	
Building Permit	
Performance Bond	
PLBG. PERMIT	
CADD FAB DRAWINGS	
<b>NON-TAXABLE ITEMS</b>	<b>\$6,176.00</b>
Including:	
Owner Contingency Per Spec	
Controls Exhibit 'H' Per Spec	
<b>TOTAL PRICE INCREASE</b>	<b>\$345,600.00</b>





# INSTRUCTION TO CONTRACTOR

Silver Lake Plant Modification - RPU  
Project

Project No. 15545.02

HiMEC  
Contractor

Contract No. 2A

General Construction  
Contract Description

Instruction No. 007

Date September 15, 2004

This instruction is issued to:

- Clarify drawings, specifications, or procedures.
- Request a proposal.
- Transmit drawings or documents for incorporation into the work.
- Other

Rochester Public Utilities (RPU) will supply contractors with office spaces in the office complex located at 506 1st Avenue, NE, in Rochester, MN. RPU will also provide heat, electricity, and water for the office complex areas. Telephone service shall not be provided nor be available to the contractors in the office complex. Cell phones shall be utilized by the contractor's in the daily course of business.

RPU will also furnish internet service to the contractors. This offer includes only the service and does not include equipment. Contractors will be expected to furnish their own computers.

RPU shall provide janitorial services to the office building, for day-to-day, common cleaning. Contractors shall be expected to maintain the area free of construction debris, mud, and other materials considered extraordinary to the daily office routine.

Four parking spaces shall be designated for RPU/SCI use only. At no time shall these designated parking areas be utilized by any other parties.

Contractors are expected to provide the necessary office equipment to meet their own needs.

IF, IN YOUR OPINION, THIS INSTRUCTION INVOLVES WORK WHICH CHANGES THE CONTRACT PRICE OR TIME, YOU MUST SUBMIT A PROPOSAL OR NOTICE AS REQUIRED IN THE CONTRACT DOCUMENTS.

STANLEY CONSULTANTS

BY:   
Gary L. Phillips

The office facilities and associated parking area are intended for the use of the contractor's supervisory and office staff. At no time shall the areas to be utilized for employee break rooms, lunch rooms, etc., nor does this directive eliminate the responsibility of the contractor to provide for his employees the necessary portable sanitary facilities as described in the contract documents.

At the completion of the project, the office areas are to be restored to the "as found" condition, and possession of all keys and building/parking access shall revert to the owner.

Appropriate credit proposals are expected from the contractor for RPU providing the above.



## RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve Change Order No. 001 to the General Construction Silver Lake Plant Modification Project Contract 03-23-E between Rochester Public Utilities and Himec Inc. in the amount of \$399,420. This brings the total amount of the contract to \$3,086,420.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 28<sup>th</sup> day of September 2004.

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President

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Secretary