

Todd, Krause, Northwest Water Systems, project engineering  
Thank you for the February 22, 2008, additional bid for construction oversight of Phase II.

As I understand, the construction oversight portion would add \$45,000, to the initial bid submitted by Northwest Water Systems.

I will pass this information on to the PSA WC.

Sincerely, Larry Pazaski  
PSA Water Committee

----- Original Message -----

**From:** Todd Krause

**To:** 'Larry'

**Sent:** Friday, February 22, 2008 11:32 AM

**Subject:** RE: PSA WC Phase II bid review NWS 2-20-08 response

Dear PSA Water Committee:

We have been requested to provide a bid for additional construction services inspection services for a technician to oversee construction throughout the process. Assuming a three-month construction period with standard 40-hour weeks, this would require 480 hours. We charge \$85/hour for technician services. This calculates to a charge of \$40,800. These services would be billed on a time and materials basis. This extra level of effort would also require additional coordination with the project engineer. Therefore, we anticipate an additional 0.5 hours per day (average) for coordination and reporting with the engineer for a total of \$4,200.

This provides a final estimated cost of \$45,000 for additional construction oversight.

Todd

-----Original Message-----

**From:** Larry [mailto:pazazz@wavecable.com]

**Sent:** Friday, February 22, 2008 2:18 AM

**To:** Todd Krause; Reg Hearn

**Cc:** John Wardean

**Subject:** Fw: PSA WC Phase II bid review NWS 2-20-08 response

Todd,

Thank you for responding to the PSA Water committee questions.

I will share them with Bill Davies, and the WC, and get back to you, ASAP.

Larry Pazaski

PSA Water Committee

----- Original Message -----

**From:** Todd Krause

**To:** 'Larry Pazaski'

**Cc:** 'Reg Hearn'

**Sent:** Wednesday, February 20, 2008 4:37 PM

**Subject:** RE: PSA WC Phase II bid review NWS 2-18-08

Dear PSA Water Committee,

Thank you for your questions and desire for clarification. The following are the items you requested:

1. "Unusual" is defined as any work necessary beyond what is described in the Scope of Work, either explicitly stated or implied. For example, this project is for the design of a distribution system and booster station. If during the process of this design it was determined that an additional reservoir was needed, or if it was determined that treatment was needed, these items would not be considered part of the original scope of work. Similarly, if it was discovered that a number of properties outside the service area had been illegally connected to the water system years ago, and now needed to be incorporated, that would be an unusual feature. If the community decides in the early stages of the design project to change the existing gravity vs. pressurized system to a pressurized system with pressure reducing valves, that would not be "unusual".
2. This refers to all tests. In general, the owner pays for water quality tests directly. Pressure tests, compaction testing, and operational testing is typically written into the bid documents as part of the responsibility of the contractor. In general, the water quality tests are coliform. They are \$20 each and are needed for each section of distribution system as it is put on-line. If the entire distribution system is put on-line at once, I would think 5 sample appropriate. If it is put on-line one leg at a time, it might be 20 or more.
3. I assume that you meant that bids will be solicited from six contractors or more. Since this does not become an endless number of proposals, perhaps we should say \$30 per bid document sent out.
4. I agree with all of the lines written under "Areas of Clarification". Our bid proposal of \$15,750 includes everything outlined as well as the items you mentioned, through the selection of the contractor. Once the contractor is selected, the contract switches to a "time and materials" basis. Because of the large number of unknowns, the charge would have to be exceedingly great if we were to bid construction oversight on a flat fee basis.
5. I also would like to clarify the following:
  1. Our bid does not include surveying and identification of property corners. If PSA desires to have the system surveyed, we recommend that this be done independently so that we do not have to add mark-up to the surveyor's fees. In our opinion, unless there are areas where the location of property corners are critical and unknown, we believe that surveying is an additional, unnecessary expense.
  2. I know that the timeliness of this project is important. We anticipate the project will require two months. If the community wants a guarantee that the project will be completed in less time, an additional fee will be required. We can guarantee the project report is ready to be submitted to the Washington State Department of Health in one month (30 days) from receipt of the signed proposal and retainer. If you wish to review the project before it is submitted, then we will have it ready for your review in 30 days. If the project is not completed by the deadline, we would reduce the contract price by 5% of the original cost each business day past the deadline. Similarly, we would guarantee

the bid documents ready for submission to the contractor three weeks after approval of the project report.

The following are the costs associated with the itemized list you sent;

Contractor Selection: All included in original bid

Field Consultant and Inspection During Construction:

1. Attend Pre-construction at site (engineer and engineering tech): \$800
2. Review Contractor Submittal: \$300
3. Provision for up to two change orders: \$1,000

Inspections

1. Provide Supervision and Construction inspection: \$100/hr as directed by PSA. Plan on 3-4 hours per visit and at least one visit per segment completed and placed on-line. More visits are likely necessary.

Project Close-out

1. As-built drawings: Depends on deviations from original plans. \$100/hr or \$3,000 for a flat fee.
2. Review Contractor's final payment submittal: I recommend regular review and having NWS sign off on progress billings before payment is authorized. This could simply be rolled into the regular inspection routine. If you want a final review and dedicated site inspection with each item "checked off" and a report of the findings: \$600.
3. Submit drawings to WSDOH and Client: included in #1 of this section.
4. Conduct fireflow testing in field: \$200 per visit+ \$100 per hydrant tested
5. Prepare and Submit fireflow test results to Client and Fire Marshal: \$200 per report

I hope this answers all of your questions. In general, I recommend that you do as many items as possible on a time and materials basis. If you want the entire project completed on a flat fee basis, we could simply charge the "engineer's estimated cost" of 5% of the construction costs, or \$38,000. Personally, I like the flat fee basis because it means less hassle in being as detailed in recording the time I spend on a project and it means that if I am efficient and do things right the first time, there is potential for a greater profit on the job. If you want the 1 month guarantee on the project report and the overall flat fee, then we would charge 6% of the construction costs, or \$46,000.

Please let me know how you would like to proceed. I will be more than happy to write the proposal in any way you see fit, provided it meets the general parameters we have discussed. I apologize for throwing out so many options. Hopefully it will assist you in making the best decision for the community rather than just muddying the waters.

Thank you,

Todd Krause

Northwest Water Systems

-----Original Message-----

**From:** Larry Pazaski [mailto:pazazz@wavecable.com]

**Sent:** Wednesday, February 20, 2008 2:14 PM

**To:** Todd Krause; Reg Hearn

**Cc:** John Wardean; Larry Pazaski

**Subject:** PSA WC Phase II bid review NWS 2-18-08

Todd,

Please see attachment for your review, including PSA Water Committee comments regarding your bid for PSA Phase II Engineering and Design, dated January 22, 2008.

Larry J. Pazaski

PSA Water Committee

ph. 360-432-9777

email [pazazz@wavecable.com](mailto:pazazz@wavecable.com)

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