



May 15, 2024

Bruce Westby
 City of Ramsey
 7550 Sunwood Drive NW
 Ramsey, MN 55303

Re: Water Treatment Plant – Project Budget Status

Dear Mr. Westby:

AE2S continues to oversee the construction of the City of Ramsey’s new WTP. City staff have requested that AE2S review the status of the general construction contingency allowance and the WTP project cost to provide some guidance to the City of the projected WTP budget.

The original WTP was bid on March 9, 2023 with a low bid of \$31,528,500 (minus Bid Alternate No. 1). Within that lump sum bid, the contractor was asked to carry a cash allowance of \$1,300,000 with \$950,000 of that allowance to be a general construction contingency allowance for the use by the Owner for Owner requested changes or additions. To date Ramsey has approved the following expenses that have utilized that allowance.

Expense No.	General Construction Contingency Amount
	Original Contingency: \$950,000.00
Expense No. 1	\$76,446.53
Expense No. 2	\$135,654.02
Expense No. 3	\$99,095.63
Expense No. 4	\$102,023.36
Expense No. 5	\$39,361.69
Net Expenses to Date:	\$452,581.23
Available Construction Contingency:	\$497,418.77

In addition, the city has processed one change order to the total project cost that is summarized below. Since this change order was initiated for funding purposes and not for construction conformity, it is not considered a constructed required cost.

Change Order No.	Change Order Cost
CO No. 1 - Prevailing Wage Adjustments	\$794,153.71
Net Change Orders to Date:	\$794,153.71
Updated Total Contract Price:	\$32,322,653.71

In total, the project contract cost is now \$32,322,653.71. With \$452,581.23 of the \$950,000 general construction contingency utilized, a balance of \$497,418.77 remains. If this remaining allowance is not utilized during construction, the balance will be deducted from the Final Payment. Based on the status of the project AE2S feels that the bulk of the change order costs have been identified. There will likely be future change orders that arise for smaller field coordination items, but these tend to be smaller and less significant.



AE2S has reviewed this remaining contingency balance and would offer the following observations/considerations.

1. AE2S has received 192 submittals for this project. These submittals are intended to allow the design team to review the final installation and scope of the various components of the project prior to fabrication and installation. This process allows the team to work directly with the contractor and the suppliers to make any final adjustments that are needed to accommodate the equipment that was selected for the project. This is an important step in the construction process because of the complicated nature of the facility and the variation in equipment options. Completing this step significantly reduces the chances of change orders. In comparison with recent projects of similar size and scope AE2S believes that a majority of the submittals have been received for the project and the remaining submittals will be less significant in scope to the project. The following projects were used for comparison.
 - a. **Reference projects:**
 - i. Shoreview WTP (8MGD iron and Manganese WTP) = 170 submittals
 - ii. Robbinsdale Lime Softening WTP (substantially more equipment and complicated design) = 273 submittals

2. AE2S has a history of delivering projects of this nature with change orders being less than 3% of the total project cost. The general construction contingency for this project (\$950,000) is approximately 3.1% of the base construction cost of \$30,578,500. For reference, AE2S completed the following similar projects with the final costs as noted below:

Project	Original Contract Value	Total Change Orders
Shoreview 8MGD WTP	\$9,920,000	\$119,446 (1.2%)
MMU Softening Enhancement Project	9,620,000	204,281 (2.1%)
Robbinsdale 3.5MGD Softening WTP	\$31,820,400	\$765,288 (2.4%)

Based on the items noted above AE2S feels that Ramsey's project is progressing well and is not likely to require additional funding to cover change orders beyond what is already reserved in the construction contingency allowance. AE2S will continue to review project status and work with the contractor to manage the project in the Best interests of Ramsey. Should you have any further questions please do not hesitate to contact me at my e-mail Aaron.Vollmer@ae2s.com or on my cell phone at 612-719-5015

Submitted in Service,
AE2S

Aaron Vollmer
Project Manager