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Rec Path Project, SD Ireland Pay Request #7

Attached is SD Ireland (SDI) Pay Request #7 for the Rec Path project. Not the final pay request, there will be one more. We are negotiating several items with SDI and they might appeal some items to the State; the State has already ruled they should be compensated for pavement saw cutting that was not originally listed as a pay item. This request has been reviewed by Staff Sterling Management, project inspectors for the Town, and approved for payment.

This pay request is for \$194,898.41, about \$118,000 more than original contract amount of \$1,636,648 with SDI. The contract with SDI is a unit price contract based on the engineer's estimate of quantities needed for the project, not a fixed overall cost. Last November it looked like the project would be over the original amount by \$100,000, now it will be about \$145,000 (9%) over the original amount. Main reason-the quantities for many items were way over the engineers estimate.

The Town's share of this project is 10%; was funded as a Reserve over many years and now has funding in the Capital Budget. When contract signed with SDI, we carried 10% of the contract amount for Construction Inspection services (\$163,665) and 10% for Contingency (\$163,665). Total estimated cost of construction including Inspection services and contingency= \$1,963,977 (10% Town share of this would be \$196,397). At the beginning of construction, we had \$136,667 in Reserve to fund the Town 10% portion. To fund the balance we added \$10,000 per year over 6 years in the "Buildings and Grounds" Capital Budget; the 2013-2014 portion was subsequently reduced to \$5,000. We have the funds allocated to cover the Town share of this project.

Recommendation: Authorize payment of \$194,898.41 to SD Ireland for the Rec Path project.

Rocky Martin