



**IMU Board of Trustees
March 2, 2015
Conference Room City Hall
5:30 p.m.**

Agenda

1. Roll Call
2. Consent
3. Discussion of Options for Electric Revenue Refunding Capital Loan Notes, Series 2015
4. 2013 W Hwy 92 Distribution Relocation Project
 - A. Watts Electric Contract - Change Order #3
 - B. Watts Electric Contract - Change Order #4
 - C. Any other items thereto
5. 2015 W. Hwy 92 and Y Street Intersection Relocation Project
 - A. Dig America Contract - Change Order #1
 - B. Any other items thereto
6. Consider entering into closed session as permitted under Iowa Code Section 21.5(i) to discuss the General Manager's FY 2014 evaluation
7. Other Business
8. Adjourn

Information

Subject

Discussion of Options for Electric Revenue Refunding Capital Loan Notes, Series 2015

Information

D.A. Davidson prepared the attached memo highlighting two options for the approximate \$7.241 million refunding notes.

Following the solicitation of quotes, a syndicate of Peoples Bank, Community Bank, and City State Bank (all of Indianola) with additional participation from Cedar Rapids Bank & Trust submitted the lowest interest rate based on anticipated covenants.

As per Trustee request, two term options are available:

Option #1 - Single Fixed Rate for 10-year Term

Option #2 - Fixed Rate for Initial 7-year Term, Rate Reset for Remaining 3-Year Term

The memo quotes that the rate reset in Option #2 would need to be 4.9% to break even with Option #1.

So if the reset rate in 7 years is expected to be at or lower than 4.9%, which is higher than the 10-year average for that indexed rate and is 2.6% today, then Option #2 has a lower expected interest cost.

The memo also notes that if the reset rate is higher than desired, IMU would have the option of paying the remaining \$1.775 million balance in full or partially from reserves, which could exist if the utility continues to impose rates that support operations.

A draft Term Sheet with baseline information is also attached. This will be updated following providing D.A. Davidson direction.

Financial Impact

N/A

Staff Recommendation

Provide input to D.A. Davidson as to individuals' viewpoints as to a preference for Option #1 or Option #2.

D.A. Davidson will use Trustees' consensus to guide the development of final proceedings, which Trustees will formally consider and adopt at the March 9, 2015 meeting.

Attachments

Memo

Draft Term Sheet

Memorandum

To: Board of Trustees, Indianola Municipal Utilities
Todd Kielkopf, General Manager, Indianola Municipal Utilities
Christopher DesPlanques, Finance Director, City of Indianola, Iowa

From: Chip Schultz, Managing Director - D.A. Davidson & Co.
Telephone: 515.471.2720 Email: chip.schultz@dadco.com
Michael Maloney, Vice President – D.A. Davidson & Co.
Telephone: 515.471.2723 Email: mmaloney@dadco.com

Date: Thursday, February 26, 2015 Page 1 of 1

Re: Updated Review of Electric Revenue Refunding , Private Placement Loan

The purpose of this correspondence is to provide two options for the private placement loan for the Indianola Municipal Utilities' ("IMU") Board and staff relating to IMU's proposed refunding of its outstanding Series 2010 and Series 2011 Electric Revenue debt (together, the "Prior Debt").

We have pursued the financing and have reached acceptable terms with a group of banks with a single loan. The Indianola community banks took the lead and are willing to provide \$5.50 million of the total \$7.24 million necessary to execute the refinancing transaction. Peoples Bank will be the lead bank and participate out the loan to Community Bank and City State Bank in Indianola as well as Cedar Rapids Bank & Trust.

At this time, the remaining consideration is for the Board to determine whether to pursue one of two interest rate options with the lender group. We respectfully ask for the Board to decide how to proceed with one of these options at your March 2nd meeting. The banks are accepting of either option and we plan to follow up with them upon the Board's decision to proceed. Bond counsel is also prepared to proceed with either Option 1 or Option 2 at the Board's request with issuance proceedings for the Board's regular March 9th meeting, and loan closing on March 26th.

Option 1 – Single Fixed Rate for 10-year Term

Option 1 reflects a fixed rate of 2.75% for the full 10-year term of the loan. The debt service savings is \$357,753 with this rate option.

Option 2 – Fixed Rate for Initial 7-year Term, Rate Reset for Remaining 3-Year Term

Option 2 reflects a rate of 2.60%, fixed for seven years, with the rate to be reset for the final three years of the loan. The minimum rate on this reset would be the 2.60%, and this scenario would reflect savings of \$415,385.

The rate established by the reset on 5/1/22 would need to be 4.90% to breakeven with Option 1 (savings of \$356,519). The rate reset will be based on the Des Moines Federal Home Loan Bank 2-year index plus 1.65% for credit spread. The average rate (including the 1.65%) that this would have been in the last five years is 2.51% and in the last ten years is 4.03%. Therefore, under both the five-year and ten-year average index rates, IMU would realize additional debt service savings based on Option 2.

Both options would be callable at any time. Therefore, if rates were more favorable in a future year, there would be no restriction for IMU to refinance again. Additionally, the Board could potentially use cash reserves to pay off the remaining balance at any time without penalty.

We look forward to attending IMU's Board meeting on Monday, March 2nd to review the material and answer questions. Thank you.

INDIANOLA MUNICIPAL UTILITIES - CITY OF INDIANOLA, IOWA

\$7,241,000 ⁽¹⁾ Electric Revenue Refunding Capital Loan Notes, Series 2015 (Private Placement)

Purpose of Series 2015 Notes:

- Defeasance advance refunding the Utilities' Electric Revenue Capital Loan Notes, Series 2010, dated June 15, 2010, and the Electric Revenue Bonds, Series 2011, dated December 29, 2011.

TERM SHEET

Preliminary Draft Prepared February 26, 2015

Dated Date: Date of Delivery (expected on March 26, 2015)

First interest payment date: May 1, 2015 and semi-annually thereafter; interest will be calculated on the basis of a 360 day year of 12, 30 day months.

Interest Rate: [to be completed after March 2, 2015 Board meeting]

Maturity (May 1)	Amount
2015	\$300,000
2016	683,000
2017	700,000
2018	718,000
2019	737,000
2020	756,000
2021	776,000
2022	796,000
2023	817,000
2024	838,000
2025	120,000

Optional redemption: The outstanding balance on the loan may be called for early payment without penalty at any time at par plus accrued interest. Thirty days notice of redemption shall be required. Notes may be called in any order of maturity.

Denominations: \$1,000

Security: The loan is payable solely from a first lien on the net revenues of the Municipal Electric Utility of the City.

Bond Covenants: 1.10 X rate maintenance test.
1.10 X maximum annual debt service additional bonds test.

Reserve Fund: None

Improvement Fund: None

(1) Preliminary; subject to change.

Paying Agent: Director of Finance for the City of Indianola

Cusip Numbers: None

Bank Qualified: The Notes will be designated as bank-qualified.

Exempt from Continuing Disclosure: The Notes will be exempt from Rule 15c2-12.

Not Rated: The Notes will not be rated.

No Parity Debt: The Series 2015 Notes will be the only outstanding Parity debt of the Municipal Electric Utility.

Fiscal Year: Begins on July 1st, ends on June 30th.

Lender: Peoples Savings Bank (sole lender in documents should be listed as Peoples Savings Bank and then they will participate out the appropriate portions of the loan with the other banks).

Participation by bank:

- Peoples Savings Bank: \$2,250,000
- Community Bank: \$2,250,000
- City State Bank: \$1,000,000
- Cedar Rapids Bank & Trust: \$1,741,000

Information

Subject

2013 W Hwy 92 Distribution Relocation Project

Information

P&E has prepared the attached memo recommending change orders for both this, and the following, agenda item.

Financial Impact

N/A

Staff Recommendation

Attachments

Recommendation



Allan R. Powers, P.E. Richard D. Kline, P.E.
Timothy G. Ernst, P.E.

245 S. 5th St., PO Box 620, Carlisle, IA 50047
p.515-989-3083 f.515-989-3138 pe@peengr.com

Feb. 27, 2015

Mr. Todd Keilkopf
Indianola Municipal Utilities
PO Box 356
Indianola, Iowa 50125

Dear Todd,

Change Orders 3 and 4 for the 2013 Hwy 92 Distribution Relocation Project and Change Order 1 for the 2015 W. Hwy 92 and Y St. Intersection Relocation Project are attached.

2013 Hwy 92 Distribution Relocation Project

Change Order 3 covers deleting the installation of manholes and conduit at the Y St. installation, and the addition of fiber conduit and handholes from the substation to Y St. The manholes and conduit are being installed under the contract for the 2015 W. Hwy 92 and Y St. Intersection Relocation Project. The value of this Change Order is \$1,190.66.

Change Order 4 documents the delay in the start date from March 1, 2014 to March 1, 2015. Watts Electric is requesting an additional \$42,595 to cover increases in labor and material costs from the original bid amount. This represents an increase of 7.5% for the delay from the original anticipated completion date of Dec. 31, 2013 to Sept. 1, 2015.

2015 W. Hwy 92 and Y St. Intersection Relocation Project

Change Order 1 covers revisions to accommodate installation of the conduit and cable east of Y St. on the south side of Hwy 92, to install additional cable that will allow earlier removal of switchgear at the SE corner of Y St. and Hwy 92, and to delete all splicing and terminating from the contract. Splicing and terminating will be completed by IMU crews. The value of this Change Order is \$36,701.00.

The combined value of the three change orders is \$80,487. I will incorporate the cost of these change orders into a revised cost estimate being prepared for

Feb. 27, 2015
Mr. Todd Keilkopf
Page 2 of 2

negotiations with the DOT. I will propose that \$54,540 of the total amount should be reimbursable from the DOT.

I recommend approval of all three of these change orders.

Sincerely,

A handwritten signature in blue ink, appearing to read "Allan Powers", is written over a light blue rectangular background.

Allan Powers, P.E.

cc: Chris Longer
Bob Miller
Mike Metcalf

Information

Subject

Watts Electric Contract - Change Order #3

Information

Change Order #3 is attached in the amount of \$1,190.06. This is the net amount for deleting the scope of work (in its entirety) at Y Street and the need to replace fiber & conduit out to the Westside substation from Y Street given the new scope of work.

Financial Impact

N/A

Staff Recommendation

Simple motion approving Change Order #3 to the Watts Electric contract in the amount of \$1,190.66, with a new contract amount of \$566,822.11, is in order.

Attachments

Change Order

CHANGE ORDER NO. 3

Owner: Indianola Municipal Utilities
Contractor: Watts Electric Company
Project: 2013 Hwy 92 Distribution Relocation Project
Date: Feb. 26, 2015

Original Contract Amount	\$	565,631.45
Previous Change Order Adjustments	\$	-
Amount of this Change Order	\$	1,190.66
Current Value of Contract	\$	566,822.11

Items included in this Change Order

Item	Description	Amount
1	Delete the installation of two manholes and the installation of conduit at Y St. and Hwy 92 as detailed in Items CO3-2, -3, -4A, -5, -7, and -8 on attached sheet.	\$ (24,756.24)
2	Add the installation of fiber conduit and handholes as detailed in Items CO3-1, -4, and -6 on attached sheet.	\$ 25,946.90
Total Value of Change Order		\$ 1,190.66

Recommended for Approval



Allan Powers, PE
P & E Engineering Co.

Date Feb. 26, 2015

Approved

For Indianola Municipal Utilities

Date _____

Accepted by Contractor

For Watts Electric Company

Date _____



February 24, 2015

Al Powers
P&E Engineering Company
245 S. 5th Street
Carlisle, IA 50047

RE: 2013 Hwy 92 Distribution Relocation Project
Indianola Municipal Utilities
Indianola, IA

SUBJECT: Change Order #3 – Work Scope Revision Items 1-8 & Rate Increases

Al:

Watts Electric Company submits the lump sum price of **\$1,190.66** for the Work Scope Revisions on the above mentioned project. This price includes the addition and deletion of work as described in items 1 through 8 on Change Order #3. The following is a general breakdown divided between Electric & Fiber Items and is not to be used for contract adjustments:

- 1) Electric C03-2, -3, -4A, -5, -7, and -8: Approximately \$24,756.24 Deduct
- 2) Fiber C03-1, -4, -6: Approximately \$25,946.89 Adder
(-\$24,756.24 + \$25,946.89 = \$1,190.66)

Watts Electric Company also submits the lump sum price of **\$42,595.00** as an adder for increased rates over the past 2 years. This project was originally bid on April 17th, 2013 and was supposed to be completed yet in 2013. We have reviewed numerous plan changes and are now submitting a proposal nearly 2 years later and have yet to complete any work on-site. Not only have labor rates increased, but equipment and overhead costs have also increased throughout that time and this compensates for those increases.

Please forward this on to the appropriate parties for review at your earliest convenience. We are currently looking over the tentative schedule that you had e-mailed us to see if we can meet the dates proposed and will let you know what we come up with. If you have any questions or require any further information please do not hesitate to contact this office.

Respectfully,

A handwritten signature in black ink that reads 'Timothy J. Druba'.

T.J. Druba
Watts Electric Company

TJD



Indianola Municipal Utilities
2013 Hwy 92 Distribution Relocation Project
Change Order 3
Work Scope Revisions

2013 Hwy 92 Distribution Relocation			
CO 3 Change of Scope			
Item	Location	Drawing	Description
CO3-1	25F - 28F	E8958-F305	Delete the installation of (3) fiber handholes and all associated conduit and fiber cable work. Delete the removal of existing overhead fiber and messenger.
CO3-2	Co. Rd R-63	E8958-D101	Relocate bore under R-63 approximately 40 ft north to clear existing utilities. Easement has been obtained from property on NE corner of intersection.
CO3-3	2A - 2B (R-63)	E8958-D101	Delete the installation of (1) 6" conduit under R-63 from location 2A to 2B.
CO3-4	R-63 to Loc 4	E8958-D101 & -102	Add the installation of (2) 1-1/4" conduits from an existing fiber handhole 02F on the west side of R-63 to the fiber handhole 12F to be installed by others. Install two new fiber handholes at locations 33F and 34F
CO3-4A	Loc 3	E8958-D102	Reduce length of manhole from 12' to 10'
CO3-5	Y St	E8958-D102 & -103	Delete the installation of the manhole at Loc 4 and switchgear basement pad at Loc 7 (Manhole and pad to be installed by others). Delete the installation of conduit from Loc 4 to Loc 7 (bores under Hwy 92 and Y St), from Loc 8 to Loc 7, and from 6F to 7F. Delete the installation of 1000 kcmil cable from Loc 4 to Loc 7 .
CO3-6	Y St	E8958-F301	Delete the installation of (2) fiber handholes at locations 4F and 7F. Delete the installation of fiber conduit from Loc 4F to 7F.
CO3-7	9 - 502	E8958-D104	Relocate the bore for (1) 2" conduit to Loc 502 approx 60 ft south (adds 120 ft to total bore length and cable pull)
CO3-8	7-8	E8958-D103, -D113, and -D500	Delete the installation of single phase 1/0 cable from switchgear at Loc 7 to handhole at Loc 8, including termination at swgr and splicing in handhole.

Meeting Date: 03/02/2015

Information

Subject

Watts Electric Contract - Change Order #4

Information

Watts submitted Change Order #4 in the amount of \$42,595.00 for the delay in project start date. This covers costs of labor and other items over a 2-year period, as they had not requested additional funds last year when the project was delayed but thought to be ready to construct. P&E has agreed the amount is reasonable and recommends approval.

Both this and Change Order #3 will be submitted to the IDOT for full reimbursement due to their changes in roadway plan designs.

Financial Impact

N/A

Staff Recommendation

Simple motion approving Change Order #4 to the Watts Electric contract in the amount of \$42,595.00, with a new contract amount of \$609,417.11, is in order.

Attachments

Change Order



Allan R. Powers, P.E. Richard D. Kline, P.E.
Timothy G. Ernst, P.E.

245 S. 5th St., PO Box 620, Carlisle, IA 50047
p.515-989-3083 f.515-989-3138 pe@peengr.com

CHANGE ORDER NO. 4

Owner: Indianola Municipal Utilities
Contractor: Watts Electric Company
Project: 2013 Hwy 92 Distribution Relocation Project
Date: Feb. 26, 2015

Original Contract Amount	\$	565,631.45
Previous Change Order Adjustments	\$	1,190.66
Amount of this Change Order	\$	42,595.00
Current Value of Contract	\$	609,417.11

Items included in this Change Order

Item	Description	Amount
1	Change the anticipated construction start date from March 1, 2014 to March 1, 2015, the date for substantial completion from June 30, 2014 to Sept. 1, 2015 and the date for final completion from July 31, 2014 to Oct. 1, 2015.	\$ 42,595.00
Total Value of Change Order		\$ 42,595.00

Recommended for Approval



Allan Powers, PE
P & E Engineering Co.

Date Feb. 26, 2015

Approved

For Indianola Municipal Utilities

Date _____

Accepted by Contractor

For Watts Electric Company

Date _____



February 24, 2015

Al Powers
P&E Engineering Company
245 S. 5th Street
Carlisle, IA 50047

RE: 2013 Hwy 92 Distribution Relocation Project
Indianola Municipal Utilities
Indianola, IA

SUBJECT: Change Order #3 – Work Scope Revision Items 1-8 & Rate Increases

Al:

Watts Electric Company submits the lump sum price of **\$1,190.66** for the Work Scope Revisions on the above mentioned project. This price includes the addition and deletion of work as described in items 1 through 8 on Change Order #3. The following is a general breakdown divided between Electric & Fiber Items and is not to be used for contract adjustments:

- 1) Electric C03-2, -3, -4A, -5, -7, and -8: Approximately \$24,756.24 Deduct
- 2) Fiber C03-1, -4, -6: Approximately \$25,946.89 Adder
(-\$24,756.24 + \$25,946.89 = \$1,190.66)

Watts Electric Company also submits the lump sum price of **\$42,595.00** as an adder for increased rates over the past 2 years. This project was originally bid on April 17th, 2013 and was supposed to be completed yet in 2013. We have reviewed numerous plan changes and are now submitting a proposal nearly 2 years later and have yet to complete any work on-site. Not only have labor rates increased, but equipment and overhead costs have also increased throughout that time and this compensates for those increases.

Please forward this on to the appropriate parties for review at your earliest convenience. We are currently looking over the tentative schedule that you had e-mailed us to see if we can meet the dates proposed and will let you know what we come up with. If you have any questions or require any further information please do not hesitate to contact this office.

Respectfully,

A handwritten signature in black ink that reads 'Timothy J. Druba'.

T.J. Druba
Watts Electric Company

TJD



Information

Subject

Dig America Contract - Change Order #1

Information

IMU Staff and P&E Engineering recommend Change Order #1 to the Dig America contract in the amount of \$36,701.00.

The scope of work changed in order to meet revised IDOT specifications and work schedules. IMU staff will attend the meeting to provide details as needed.

It is anticipated, but not yet confirmed, that IDOT will reimburse IMU for the vast majority of this cost.

To accomplish the required scope of work within budgetary and legal constraints, IMU crews will be performing splicing and other work in conjunction with Dig America.

Financial Impact

N/A

Staff Recommendation

Simple motion approving Change Order #1 to the Dig America contract in the amount of \$36,701.00, with a new contract amount of \$196,595.00, is in order.

Attachments

Change Order#1



Allan R. Powers, P.E. Richard D. Kline, P.E.
Timothy G. Ernst, P.E.

245 S. 5th St., PO Box 620, Carlisle, IA 50047
p.515-989-3083 f.515-989-3138 pe@peengr.com

CHANGE ORDER NO. 1

Owner: Indianola Municipal Utilities
Contractor: DigAmerica, Inc.
Project: 2015 W. Hwy 92 and Y St. Intersection Relocation Project
Date: Feb. 26, 2015

Original Contract Amount	\$	159,894.00
Previous Change Order Adjustments		
Amount of this Change Order	\$	36,701.00
Current Value of Contract	\$	196,595.00

Items included in this Change Order

Item	Description	Amount
1	Revise work scope as detailed on attached sheet to accommodate installation of conduit and cable east of Y St. on south side of Hwy 92, install cable to allow earlier removal of switchgear at the SE corner of Y St. and Hwy 92, and to delete all splicing and terminating from the contract (splicing and terminating to be completed by IMU).	\$ 36,701.00
Total Value of Change Order		\$ 36,701.00

Recommended for Approval



Allan Powers, PE
P & E Engineering Co.

Date Feb. 26, 2015

Approved

For Indianola Municipal Utilities

Date

Accepted by Contractor

For Watts Electric Company

Date

Indianola Municipal Utilities
2015 Hwy 92 and Y St. Relocation Project
Change Order 1
Work Scope Revisions

2015 Hwy 92 and Y St Intersecton Relocation Project				
CO 1 Change of Scope				
Item	Location	Drawing	Description	Cost
CO1-1	12/F16 - 7/F7	E8958A-D108, -U232, and -U240	Install basement switchgear pad at Loc 7 on south side of Hwy 92 instead of Loc 12 on north side of Hwy. Add extension to fiber handholes to be set at Locations F12 and F16 and set over existing 2" conduit. Add fiber handhole at Loc F7.	\$10,216.00
CO1-2	12/16F -13	E8958A-D108 and -963	Install (1) 6" & (1) 2" power and (3) 1-1/4" fiber conduits under Hwy 92 instead of (4) 2" power and (2) 1-1/4" fiber conduits	\$6,770.20
CO1-3	12-10	E8958A-D108	Install (1) 2" conduit from Loc 12 to existing switchgear at Loc F10, in same trench as (1) 6" conduit. Connect to 2" conduit to be installed under Hwy 92.	\$1,981.00
CO1-4	13 - 7/7F	E8958A-D108	Extend (1) 6" and (1) 2" power and (5) 1-1/4" fiber conduits from Loc 13 east approx 150 ft to switchgear basement pad and fiber handhole at Loc 7/F7	\$20,195.50
CO1-5	12	E8958A-D501	Loop CM211 cable through manhole 3 without splicing and extend to switchgear location on south side of Hwy 92 at Loc 7	\$1,237.00
CO1-5A	7B, 10, and 12	E8958A-D501	Delete all splices and terminations	-\$5,198.70
CO1-6	14	E8958A-D108 and -D501	Pull new 1/0 1 Ph cable from Loc 14 to Loc 10. Splicing and terminating will be done by IMU.	\$1,500.00
Total Change Order				
				\$36,701.00

AI Powers

From: Dig America, Inc. <digamericainc@qwestoffice.net>
Sent: Thursday, February 26, 2015 11:34 AM
To: AI Powers; BMiller@I-M-U.com
Cc: digamericainc@qwestoffice.net; Rich Wieneke
Subject: FW: Revised Change Order 1
Attachments: Profile S Side Hwy 92.pdf

AI,

Below is a breakdown for you.

- 1/15/15 We received a proposal for change order 1. This proposal included col-1 and col-7 for the work scope. This bid was put together as a lump sum as was the original bid. It included all labor, equipment, splicing, and material. The total price was \$76,805.70.
- 2/18/15 An email was sent to you asking if you would want a lump sum or a breakdown. You requested a breakdown per the 7 ea. tasks for the price of \$76,805.70.
- 2/20/15 We had a conference call to discuss the cost of change order 1. It was agreed to rebid the same project eliminating the splicing and terminating the second price was \$56,372.00, which also was lump sum price divided in 7 tasks. We emailed the bid on 2/24/15.
- 2/25/15 On Wednesday, we received a revised change order with work scope revisions. This also was bid as a lump sum including labor, equipment, and material. This bid does not include any splicing or splicing material. The total price was \$41,494.00. This cost was broke down in Col-1 to Col-7. The item Col-5A which includes deleting splicing and termination 5 was left blank. To complete this price for deduction, we will have to add back splicing and termination 5 to other items to balance the bid at the same price of \$41,494.00
- 2/19/15 On change order 2 for the water main work a lump sum price was proposed for \$67,500.00.
- 2/20/15 We had a conference call to discuss open cutting Y Street rather than directional boring the water main. This was bid as a lump sum. This price includes the 12" water main work done on each end by our subcontractor Vanderpool for a price of \$24,230.50. The price also includes Certa Loc restrained joint pvc for \$7,400.00. The labor and equipment for the open cut was \$19,289.00. This price includes credit for placing the 4-6" and 4-1 1/4" conduit in same trench. The total lump sum price for this work is \$50,919.50.

If you have any questions, please let me know. Please send email responses to this email address digamericainc@qwestoffice.net.

Thank you,

Delroy Scheeler

Faye Scheeler on behalf of Delroy Scheeler

Dig America, Inc.

1350 Prairie Drive

Bondurant, IA 50035

digamericainc@gwestoffice.net

O:515-967-2900 M:515-707-4252 F:515-967-8980

From: Al Powers [<mailto:arpowers@peengr.com>]

Sent: Thursday, February 26, 2015 12:03 AM

To: Rich Wieneke

Cc: bmiller@i-m-u.com; Delroy Scheeler (delroys@digamerica.net)

Subject: RE: Revised Change Order 1

Rich,

Thanks for the updated costs. I need to better understand a couple of things and confirm that I have things all straight.

1. Can you help me understand what causes the \$7,400 increase for item 1-1? The switchgear pad installation should be essentially the same amount of work, just at a different location. The additional work is one new fiber handhole at Loc F7 and the addition of extensions to intercept the existing conduit for the handholes at F12 and F16.
2. In round numbers, how much of Item 1-2 is increased material cost vs extra cost to backream and pull the larger conduit bundle?
3. Given the profile of the duct from 13 to 7 (attached), are you still convinced that boring is the best and least expensive way to install the ducts? I just seems like installation by open cutting would be much less than \$120 per foot. I need help understanding why this section seems so costly.
4. Where is the deduct for eliminating the splicing and terminating? The current contract scope of work includes one set of 1000 kcmil splices in MH2, one in MH3, and one set of 600 A elbow terminations at Loc 10. With the revised scope, IMU will do all of that work.
5. Comparing Items 1-3 and 1-7, adding the fiber conduits is much more expensive than adding the 2" electric conduit. Again in round numbers, is the extra cost for the fiber conduits in conduit material, installing the handhole, or in the pull tape and locate wire?
6. It looks like the savings in open cutting Y St compared to boring includes (in round numbers) –

Original cost to bore water	\$67,500
Revised cost for water using open cut	31,500
Reduction in water cost	36,000
Increased cost for open cut	19,000

Net reduction in cost to open cut \$17,000

Is that the right way to look at it, or am I missing anything?

Could you put a together a couple of short paragraphs to address these questions? I can call you mid morning, or I can wait until you have a chance to go through it and then we can discuss.

Thanks,

Al Powers
P & E Engineering Co.
515-989-3083



From: Rich Wieneke [<mailto:richw@digamerica.net>]
Sent: Wednesday, February 25, 2015 9:57 AM
To: Al Powers
Cc: bmiller@i-m-u.com
Subject: Revised Change Order 1

Attached is revised Change Order 1. Any questions, you can reach Delroy on his cell phone at 320 267 7913.

Rich Wieneke
Dig America, Inc.
Project Manager
25135 22 ave
St. Cloud, Mn. 56301
320-253-3447 office
320-267-7911 cell