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March 10, 2020

R. Lynn Natzic, President
Dan Chenoweth, Senior Project Manager
Reliance Building Company
26200 Town Center Drive, Suite 195
Novi, MI 48375

Re: Village of Pinckney Contract - Pump Station No.1 and Screening Building

Mr. Natzic and Mr. Chenoweth:

The Council reviewed your February 24, 2020 correspondence and pricing for completion of the project noted above pursuant to "option 1" at its February 24, 2020 meeting. The Trustees unanimously direct me to outline the Village's considered position on the project going forward.

The Village rejects the pricing submitted with your February 24 correspondence, as it exceeds the amount authorized by Council at the January 20, 2020 Special Meeting.

As you will recall, at the Special Meeting Wolverine Engineering and Reliance presented two options to the Council to resolve the de-watering issues that have plagued this project. The Council voted unanimously to approve "option 1," which includes using tight sheeting to install the wet well structure to the design depth, at a cost not to exceed \$350,000.00 and without changing the project completion date. Reliance participated in the presentation and further represented that Reliance could and would complete the project for a cost not to exceed \$350,000.00. However, Reliance submitted pricing for completion of the project in excess of the approved amount, and noted additional charges excepted from the calculations for which the Village will be assumed responsible. The submitted pricing of \$388,912.17 exceeds the approved amount by \$38,912.17 and does not accommodate the proposed costs from Wolverine, as discussed in the January 20 construction meeting.

The dollar amount approved is not arbitrary, but is based on the proceedings of the several lengthy meetings with representatives of the Village, Reliance, and Wolverine Engineering, at which very specific numbers for each step of the proposal were offered. The Village took these numbers on good faith in its consideration. Based on the results of these meetings, extended discussion on the minutiae of the charges or of items line-by-line would not be a productive use of time.



president@villageofpinckney.org



Having said that, the Village is acutely interested in detailed and regular updates on the progress of the work and especially that the work be resumed as soon as possible, as the persistent delays only add to the mounting costs that never should have been in the project in the first place.

The Village remains committed to this project and seeing a resolution as proposed for the approved amount of \$350,000.00. The Village will not approve any additional funds for completion of this project. The Village will not extend the completion date as this project has already been delayed for many months due to Reliance's inaction and refusal to complete the project per the terms of the contract.

Thank you for your prompt attention to this matter.

Sincerely,

Linda Lavey
Council President
Village of Pinckney

cc: David Stoker, Cohl, Stoker & Toskey, PC
Joe White, Wolverine Engineers & Surveyors, Inc.



Via E-mail: president@villageofpinckney.org
And First Class Mail

Village of Pinckney
Attn: Ms. Linda Lavey
220 S. Howell
Pinckney, MI 48169

Date: **March 19, 2020**

Re: Village of Pinckney Contract – Pump Station No. 1 and Screening Building

Dear Ms. Lavey:

We are in receipt of your letter dated March 10, 2020, pertaining to the project known as Village of Pinckney Pump Station No. 1 and Screening Building (the "Project"). In your March 10, 2020 letter, you indicate that Reliance Building Company's ("Reliance") proposal to perform certain, extra sheet piling, wet well, and piping modification work ("Extra Work") required on the Project, for a cost of \$388,912.17 is rejected. Your letter further indicates that the Village of Pinckney (the "Village") is rejecting the proposed cost because it exceeds the \$350,000 amount that was discussed on January 20, 2020. While the Village certainly has the right to reject the proposed cost, please be advised that the applicable \$388,912.17 cost was based upon the latest redesign that was prepared by the Village's engineer, Wolverine Engineering ("Wolverine"). The applicable redesign was prepared after the January 20, 2020 meeting; and resulted in an increased cost.

The applicable Extra Work that has been discussed by Reliance and the Village is necessary to address the differing subsurface conditions that exist at the Project site. Reliance previously provided notice of its applicable claim back on September 26, 2019. Since that time, Reliance has spent a significant amount of time working with the Village and Wolverine to try and find a solution that would allow the Project to be completed. For much of this time period, Reliance has not been receiving written directions as to how it should proceed. Reliance has every intention of assisting the Village with the requested Extra Work change order, but the Village is responsible for the cost of this work.

Below is a rough timeline discussing how the applicable \$388,912.17 cost, for the desired, additional Extra Work, came to be:

- (A) On January 20, 2020, a meeting was held involving Reliance, Wolverine, yourself and the Village's Trustees. This meeting was prior to the Village's scheduled Special Council meeting at 7:00 p.m. During this meeting two (2) options for the sheet piling work were discussed. The Village indicated that it would prefer "Option 1", the more expensive (\$344,000) tight sheeting option, which was believed to have a higher potential success rate. Option 2 had been a plan to use a shallower excavation in the existing shoring box for approximately \$173,000. Reliance representative, Dan Chenoweth, asked

about including a contingency, during this meeting. Village representative T. Kinczkowski indicated that it would be better to leave the potential deducts as part of the contract as a contingency. During the 7:00 p.m. meeting that day, Reliance's Request for Change Order – Option 1, pertaining to the Extra Work, was discussed. It was asked, during the meeting, where the funds will come from in order to cover the change order cost. This was not addressed; however, Ms. Foster made a motion to authorize a change order not to exceed \$350,000. The Village's council agreed with the motion and instructed Reliance to prepare a Request for Change Order. Mr. Chenoweth asked how long the change order process would take and asked if the contract would need to be extended. Ms. Lavey indicated that the Village could approve something later.

- (B) On January 24, 2020, Reliance received a re-designed drawing from Paul Singles at Wolverine, pertaining to the Extra Work. In particular, Wolverine redesigned the wet well piping. Reliance then submitted its Request for Change Order 13R2, which included the revised wet well piping work. The price was roughly \$361,000. Reliance, in an effort to try and save costs for the Village, agreed to remove a month of dewatering/shoring costs from Request for Change Order 13R2, which resulted in Request for Change Order 13R2.1 at roughly \$345,000.
- (C) On January 31, 2020, Reliance received a proposed Change Order #7, for only \$303,345.15. Reliance indicated that it could not sign the proposed Change Order #7, which removed certain base bid labor and equipment (crane) costs. At this time, Reliance was also told that the Village wanted the deducted base bid costs to offset Wolverine's engineering fees culminating in a total change order cost of \$350,000 for the Extra Work. At this time, it was also indicated that Wolverine would send out another redesign pertaining to the Extra Work.
- (D) On February 13, 2020, only after Reliance asked, Wolverine sent Reliance a "final" redesign. Reliance informed Wolverine and the Village that it would need to reprice the requested work, which would take about a week.
- (E) On February 19, 2020, Reliance met with the Village and Wolverine; the applicable Request for Change Order pertaining to the Extra Work was again discussed. The Village indicated that Reliance's proposed change order, based upon the "final" redesign from Wolverine should "account for everything".
- (F) On February 24, 2020, Reliance submitted its Request for Change Order 13R2.2, in the amount of \$388,912.17. The Village Council, at their regular meeting, instructed their counsel to send a "position letter" to Reliance.
- (G) On March 12, 2020, Reliance received the Village's response to its February 24, 2020 correspondence and Request for Change Order 13R2.2.

The applicable Extra Work that is reflected in Reliance's Request for Change Order 13R2.2 is the result of the redesigns that Reliance received from Wolverine. Reliance is not responsible for the design of the work on the Project and is merely providing quotes for the scope of added work that it is being asked to perform. Reliance is happy to perform the applicable

change order work, and has made efforts to try and keep the costs down, including the removal of profit and overhead that Reliance is entitled to receive; in an effort to assist the Village in getting this Project completed.

Until Reliance receives a proper change order (for a scope of work acceptable to the Village, which Reliance can perform at a price agreeable to both the Village and Reliance), Reliance cannot perform the desired Extra Work. Please also note that due to the delays in providing Reliance with an acceptable change order, an additional amount of time will need to be added to Reliance's contract. Reliance is entitled to an extension of time pursuant to the terms of its contract, including Section 5.04(D)(1) of the General Conditions.

Reliance's inability to complete the Project is due to a differing site condition, which was noted in various correspondence, including, but not limited to, Reliance's September 26, 2019 and November 6, 2019 correspondence. However, Reliance remains committed to finishing the Project, as evidenced by its continued participation in meetings with the Village and Wolverine. At this time, Reliance cannot accept a change order for less than \$388,912.17, as noted in Request for Change Order 13R2.2, based on the latest drawings provided by Wolverine for the sheet piling work.

As you are aware, the "ongoing costs" which include the additional soil borings, hydrogeologist analysis, shoring box rental and dewatering have been included in the RFCO 13 and its revisions. These costs were included in Change Order #7 and included a discount by the dewatering contractor which, unfortunately, has expired. These costs have been incurred since September 2019 and we need to reimburse our subcontractors. I have included these costs in the attachment as RFCO 15.

Please let us know when the Village would be able to discuss this matter in further detail. We look forward to hearing from you.

Sincerest regards,

RELIANCE BUILDING COMPANY



R. Lynn Natzic, PE
Its: President

cc: Joe White, PE - Wolverine Engineering (via e-mail and first-class mail)
Matthew C. Herstein, Deneweth, Dugan & Parfitt, PC