

Open Work Session
Airport Water Main Extension Project Funding
February 2, 2021

Ms. Katherine McAllister, P.E. with George, Miles and Buhr, came before Council. She said there are a couple of change orders that have come up as part of this project. She said Council may recall that in February or March of last year they had to halt things a little bit to get the agreements finalized with the City of Salisbury, so this is a result of that. She said they are remobilization costs, and the cost for increased materials and technical work that had to be done.

Ms. McAllister said, if Council goes to the budget sheet from the Maryland Department of Environment (MDE), which may be a good place to start, MDE provides a contingency percentage for the construction, which is about 5 percent of the actual construction costs. She said typically they use those funds in projects to cover any change orders in the field, but these change orders are a little bit unique in that they were more a result of the agreement that had to be done, and work that had to be added. She said, if Council approves both of these, they have already exceeded the contingency funds that are left from MDE. She said she actually has been talking with MDE for the last two months trying to get this finalized, and they want to know that the County has approved them, and they want to see a signed approval before they will actually complete their final review of what they are willing to cover, so that is where the additional contingencies have been asked for.

Ms. McAllister said the first change order is for the cost of the suspension of work. She explained, Bramble actually bid this job in June 2019, and they hold their bids for 90 days, and they were even willing to extend that for an additional 45 days, which put them in about early January 2020. She said Bramble was told to proceed at that point, but then they stopped and did not do any work until the County had the agreement with the City of Salisbury. She said \$45,034 is the cost of their labor going into different years, and it is the cost of materials going up. She said she knows steel has gone up a lot, and there was a pretty detailed breakdown of the other items.

Mr. McCain said, unfortunately, that \$45,000 could have been avoided. He clarified, that does not have anything to do with Ms. McAllister, but it is unfortunate because that is \$45,000 their taxpayers should not have to be paying. Ms. McAllister said that is another reason why she thinks MDE really has not commented on whether they want it coming out of construction contingency costs because it is not really construction costs.

Ms. McAllister said the higher change order is \$94,000, which is the work directive, so that is related to changes that were made to meet the City of Salisbury's requirements. She said they have gone through these changes in detail with the engineering group, and they are all very good changes, and it just follows more of the City's standards. She said the major item was the generator. She explained, they had put in just a portable generator to deal with the chlorine building, but now this generator will also handle that pump station. She said, from an engineering technical standpoint, she has to completely agree because, if they are providing water during a power outage, they want to be able to pump it out, so that is a change they will see the advantages of on the technical side of that one.

Mr. Holloway asked if this comes out of the County's contingency fund, to which Ms. McAllister responded, yes. Mrs. Hurley confirmed, her understanding is that, yes, this would come out of the County's contingency fund. Ms. McAllister said this will allow them to sign these change orders and get Bramble moving forward with these items, and she will still continue talking to MDE to try and use as much money from MDE loan funding as possible.

Mr. Holloway said there is one thing he thinks they need to add when they do the Legislation on this. He said, in the agreement it says, if the State of Maryland allows the area to be served to be expanded in the future, which means by any privately owned land, it shall be annexed into the City, and private landowners shall be required to reimburse the County for a proportionate share of the construction of the Airport water system costs based on the number of equivalent dwelling units. He said he thinks they need to put that in their Resolution so the taxpayers will be reimbursed for this in case it is opened up to the general public or landowners. Ms. McAllister asked if that was a statement in the agreement, to which Mr. Holloway responded, it was in the agreement with the City. Ms. McAllister said she would think that would be total project costs when they are done, so the total project costs would be at the end of the job. Mr. Holloway clarified, he is talking about this \$200,000 the County is going to be spending. He then asked if that is allowable?

Mr. McCain said he is not sure if he is following Mr. Holloway. He said it is a dedicated line, so he is not sure that he follows. Mr. Holloway responded, it is supposed to be a dedicated line, but it also says if the State of Maryland allows the area to be served to be expanded in the future, then any privately owned landowner shall be annexed into the City and a private landowner shall be required to reimburse the County for a proportionate share of the construction. He said, in other words, the State can open it up to private landowners. Mr. McCain said he is just trying to figure out what the relationship is with what Ms. McAllister is discussing.

Mrs. Pam Oland, Director of Finance, then came before Council and said they need these funds now, and what Mr. Holloway is talking about is so far in the future. She said, if it opens up, that is in the agreement, so at that point in time it would be a reimbursable cost coming back to the County. Mr. Holloway said it would be for the amount of money they have spent so far, but this is \$200,000 more, so he is saying this should be put in a Resolution. Mrs. Oland explained, it would be included in the project in total, so they would be able to pull the project total and know this amount was part of that total cost.

Mr. Taylor suggested the Resolution could just simply reference the agreement Mr. Holloway is referring to. Mr. Holloway said he just wants to be assured that the County will get their money back if it ever is opened up. He clarified, it may never be opened up, but it may be, and that is what he is trying to say. Mr. Taylor said there could just be a reference to it.

Mr. Cannon said, if it is ever opened up, the County would have to make that request. He clarified, the State just does not come down and say they are going to open up that line. Mr. Holloway said he understands that, but he just wants to make sure that it is in there so it would not be lost in the end. Ms. McAllister said she would think that would refer to the final cost.

Ms. McAllister said there is still about \$89,000 remaining in the MDE contingency fund bucket. She said this \$200,000 will cover any costs that MDE is not willing to cover.

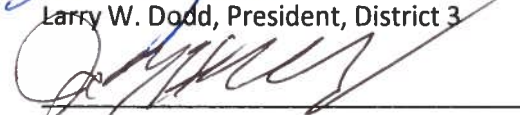
Mrs. Oland said they put more in it than just these two change orders. She explained, there are some additional engineering costs that have happened, but they do not yet have that number. She said they did not want to come back to Council multiple times, they wanted to try to limit the number of times they come back to Council to make amendments related to this project, so they put an estimate in for that, and then they also just put an estimate in for any other potential costs. She said they are now basically out of contingency with the State giving them a little bit of room for any potential other change orders that might come down, so instead of having to come back to Council each time, that is how the \$200,000 number was arrived at.

Mr. Dodd asked if this requires a Public Hearing, to which Mrs. Hurley responded, no. She explained, this is going to be a contingency transfer, so, if everyone agrees to the \$200,000, Council can just schedule this for the next meeting of February 16.

Mr. Dodd asked if everyone is agreeable to this, to which there was a consensus. There was no further discussion.



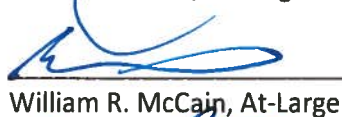
Larry W. Dodd, President, District 3



Joe Holloway, Vice President, District 5



John T. Cannon, At-Large



William R. McCain, At-Large



Ernie Davis, District 1



Nicole Acle, District 2

Josh Hastings, District 4



Laura Hurley, Council Administration