

C2AE PROJECT UPDATE – BANKRUPT ROAD WATER DISTRICT

Client: Town of Schroepfel

Date: October 4, 2022

Project Summary:

- April 2019 - A funding application was submitted to USDA-RD. The original project budget was \$3,754,000
- May 2019 - A funding offer was received from USDA-RD: \$1,200,000 in grant and \$2,554,000 in low-interest loan
- July 30, 2019 – A public hearing was held to present the project and estimated first year cost to those in the proposed District:
 - 1st year fixed cost per EDU for debt service (loan portion) - \$484
 - 1st year estimated cost per EDU for water usage - \$344
 - TOTAL ESTIMATED COST = \$828/EDU/year
- October 1, 2019 - A mandatory referendum (vote) was held - 121 Yes vs. 36 No
- September 9, 2021 – bids were opened:
 - Six (6) bids were received, with the low bid being significantly higher than the project budget - \$1,532,000 over budget (Nardozzi Construction was low bidder)
- Late September 2021 - A Cost Overrun Request (COR) was submitted to USDA-RD. USDA-RD offered the Town an additional \$600,000 in grant funds and \$932,000 in additional loan.
- Late November 2021 - A funding application was also prepared and submitted to the NYSEFC WIIA program.
 - In May 2022 the Town was awarded \$992,000 in grant funds through the WIIA program.
- C2AE immediately contacted Nardozzi Construction to ask for a proposed material/construction project increase.
- On June 24, 2022 Nardozzi indicated to C2AE and the Town they were requesting an additional \$995,000 in construction costs. This was again significantly over the project budget and amount of grant available.
- On July 27, 2022 C2AE approached the second lowest bidder (Highlander Construction) for their proposed material/construction project increase.

- On August 25, 2022 Highlander indicated to C2AE and the Town they were requesting an additional \$1,283,041 in construction costs. This was also significantly over the project budget and amount of grant available.
- On August 30, 2022 C2AE reached back out to Nardozzi to check whether their \$995,000 number was still good.
 - On September 23, 2022 Nardozzi indicated they were requesting an additional \$138,000. This made their new request equal to $\$995,000 + \$138,000 = \$1,133,000$. They also stated **lead time on ductile iron pipe is 9 -12 months** at this point.
- On September 27, 2022 Highlander contracted C2AE and stated they felt their original proposal could be reduced. They provided a revised proposal that's currently under review.
- On October 3, 2022 C2AE met with Town representatives to discuss next steps. The consensus was we're doing everything to move this project forward. A funding application will be submitted to the County for \$1,069,000 to cover worst case scenario additional costs.
- If \$1,069,000 needs be secured via a loan, **the debt cost will increase by approximately \$160 - \$170/EDU/year (\$13 -\$15 per month)**
- Most likely another public hearing will be required to present the additional costs to the end user.