

Malheur County Development Corporation Board Meeting Minutes

Tuesday, May 17, 2022

1:30 pm (Mountain Time)

Meeting held at the Waldo Conference Center

218 Main St., Nyssa, OR 97913

Questions and answers to the “Anderson Perry questions” referred to within the meeting minutes are attached below the minutes.

Members Present:

- Grant Kitamura, Board President
- Greg Smith
- Jason Pearson
- Kay Riley
- Corey Maag
- Lynn Findley

Regular Board Meeting Call to Order and Acceptance of Minutes:

Board President Grant Kitamura called the meeting to order at 1:30pm. Kitamura referenced minutes of the April 26th and May 7th board meetings. Kay moved to accept the meeting minutes as presented and Jason offered a second. Minutes for the board meetings held April 26th and May 7th were accepted unanimously.

Kitamura asked Greg Smith for an update. Items discussed were:

- Senior Vice president from Americold along with a regional manager come out to the county and visit with the onion shippers.
- Wheatland Insurance came out and took a site tour.
- Invoices continue to be paid.
- A large number of public records requests being handled.

Kitamura added that the visit from Americold was very positive. Smith added that they made comment that they are already looking to expand input (of product) to the facility. Riley added that the interaction is positive, and Americold is planning to attend a growers conference in a few weeks. Riley finished by restating that this facility will take trucks off the road, and not eliminate terminal shipments. Smith added that he was not present for the meetings with the shippers, rather he just made introductions.

Kitamura then asked Brad Baird, President of Anderson Perry, for an update. Items discussed were:

- Answers to questions posed by the board (attached below minutes, minutes will reflect additional comments and questions)-
 1. Findley started by asking Baird to ensure that clarification is given on those that noted additional discussion was to occur.

2. Baird started by stating that Anderson Perry believes they are acting in best interest of MCDC.
3. Vale BLM Pit-
 - Maag asked why the price resulting from the free use permit went up with the change order.
 - Baird discussed that that is not the case, but additional materials beyond the contracted amount may cost more.
 - The contract documents outline standard conditions for conducting the contract, which has been followed.
 - The contractor bid the earthwork line item in a lump sum, which assumes known quantities and a given sequence.
 - Because of unforeseen circumstances at the site, the quantities and sequence needed to change, resulting in the need for a change order and the switch to time and materials.
 - Maag asked how the materials cost changed.
 - Baird explained that the bid item is comprised of a few different elements (getting it to the site, placing, and compacting). Rip rap is also a bit rougher on equipment, which results in a bit more overhead.
 - Maag asked a follow up regarding the placement cost.
 - Baird explained that it would be difficult to track this down exactly, because of the different areas and conditions the material is being placed.
 - Cost for structural fill material was determined by test runs and was monitored by Anderson Perry.
 - Maag asked if the 4" minus is used as structural fill.
 - Baird confirmed that it is.
 - Maag asked if that material is being used for the geogrid portions.
 - Baird confirmed that it is and is being sourced from Hilltop Rock.
 - Maag asked about the cost of the material, as he has heard that the price is high.
 - Baird said that costs will be different depending on the source. It is also not a final price at this point.
 - Kelly Pomeroy asked why the cost is \$20 to place the pit run.
 - Baird said that the contractor is responsible for coming up with the cost of materials. Anderson Perry checks with an ODOT database to see if the price received is fair. Lindley has also shared that they were uncomfortable with some of the local suppliers and decided to not work with them.
 - Maag asked if there is anything we can do to save costs with the contractor as it comes to sourcing.
 - Baird said that Anderson Perry just confirms that the pricing is in accordance with fair prices as referenced in the ODOT database.
4. Change order-
 - Maag asked if we are going to use the same amount of sub ballast as originally bid.
 - Andy Lindsey (with Anderson Perry) answered that the geogrid will eliminate some of that material, roughly half.
 - Maag asked why we pulled out the sub ballast if we're going to need it.

- Baird responded that if we would have left it in there, the contractor could have asked for a change anyways, given current fuel prices. Lindsey and Baird both anticipate that the cost will actually be less as a result.
 - Kitamura asked about “change of conditions” and what that means.
 - Baird responded that the change includes both economic and site conditions.
 - 11 Month warranty inspection-
 - Once the contractor finishes the job, they will submit documentation showing that they are substantially complete. Once MCDC concurs, 5 percent retainage is paid to them, and then an 11-month warranty begins. If something goes wrong, contractor will fix at their expense.
 - Maag asked if on time and materials if MCDC bears the cost of failed work.
 - Baird confirmed that we do, it is built into the contractor’s costs, and we have seen very few failures.
 - Maag commented that he does not agree with 3.A, and the question was raised of whether MCDC could dictate sources.
 - Baird was unsure, but as long as the prices are reasonable, usually the source isn’t questioned.
5. Building bid-
 - Projects around the area are struggling to find contractors and are seeing prices much higher than anticipated. It may be in the best interest to stay with the current bid that has been negotiated down.
 - Discussions with Americold continue to occur, and there is a current ask for approximately \$2.5 million.
 6. Riley commented that the project needs to be done right, and we don’t need to make mistakes by trying to rush.
 7. Findley asked what kind of savings we might see from waiting.
 - Baird commented that it is a gamble. The hope is that inflation and economic circumstances will relax.
 8. Smith commented that waiting would also impact Americold and their timelines. In addition, our funds are \$29 million at this point, and we are going to build what \$29 million gets us.
 9. Riley thanked Maag for his work and was appreciative of the conversation held.

As three board members needed to depart for prior commitments, a quorum was lost, and Grant Kitamura adjourned the meeting at 2:51 pm.

Respectfully Submitted,
Greg Smith, Officer to the Board

Anderson Perry & Associates, Inc., responses to the questions presented by the MCDC board of directors to Brad Baird are summarized hereafter. We have copied the questions as presented (all caps, bold) and the responses are presented in red text.

Please note, the discussion we will have at the Tuesday MCDC board will be critical to help bring a full understanding to the responses presented below. We need to have ample time to explain the responses below in greater detail during the discussion.

Also, AP firmly believes that our approach to management of the construction contract for the TVRC project has been in the best interests of MCDC and has resulted in the lowest cost approach for construction. Review and explanation of the responses to the questions outlined herein will make this apparent.

QUESTIONS FOR BRAD BAIRD, ANDERSON PERRY:

I. VALE BLM PIT:

A. WHAT WAS FINAL NET QUANTITY (TONS) OF RIP RAP THAT WAS HAULED FROM VALE BLM PIT?

The total quantity of Class 700 Riprap from the Rhinehart BLM pit was 54,643.53 tons.

1. WHAT WAS PRICE PER TON DELIVERED AND PLACED?

Of this total, 19,021.87 tons was delivered and installed at the contract unit price of \$43.50 (thru Application for Payment No. 2). 35,621.66 tons was delivered to the site at a unit price of \$26.75 per ton (per CCO No. 1) and installation of this quantity is included in the Time and Materials billing for weeks 1 thru 4 in Application for Payment No. 3. Discuss the time and materials billings and what it includes on the site.

2. HAVE WE BEEN PRESENTED INVOICING REFLECTING ALL OF THE RIP RAP HAULED FROM BLM PIT?

All Riprap material hauled from the Rhinehart BLM pit is included in Applications for Payment Nos. 1,2 and 3. Subcontractor invoices and certified scale tickets were reviewed by AP and verified for accuracy. All backup information is available on request.

B. WHAT WAS THE NET QUANTITY OF UNDERSIZE OR SPOILS HAULED TO RELOAD SITE FROM VALE BLM PIT?

The total quantity of 4" Structural Fill from the Rhinehart BLM pit is 16,756.23 tons.

1. HAVE WE BEEN INVOICED FOR THIS MATERIAL?

Yes

2. HOW MUCH DID WE PAY FOR THIS MATERIAL PER TON DELIVERED AND PLACED?

Of the 16,756.23-ton total, 4,972.28 tons was delivered and installed at the contract unit price for Class 50 Riprap of \$43.75 per ton (thru Pay App No. 2). This payment method was utilized prior to changing to T&M. 11,783.95 tons was delivered to the site at a unit price of \$28.79 per ton (per CCO No. 1) and installation of this quantity is included in the Time and Materials billing for weeks 1 thru 4 in Application for Payment No. 3.

All Structural Fill material hauled from the Rhinehart BLM pit is included in Applications for Payment Nos. 1, 2 and 3. Subcontractor invoices and certified scale tickets were reviewed by AP and verified for accuracy. All backup information is available upon request.

3. HOW WAS THE COST PER TON DETERMINED BECAUSE IT WASN'T A LINE ITEM IN THE BID?

Unit cost of the structural fill material was determined by actual costs of labor, equipment, materials, permitting, etc. required to produce the material and haul it to the site, as well as appropriate overhead and profit markups. AP reviewed the proposed unit pricing and determined it to be reasonable and appropriate. The proposed cost information is compared to a published database of comparable costs to help ensure costs are reasonable and fair. This is standard practice.

4. HAVE WE BEEN PRESENTED INVOICING SHOWING TOTAL COST OF THIS MATERIAL?

Yes

5. WHERE WAS UNDERSIZED MATERIAL BEING USED IN THE PROJECT?

Due to the high moisture content and inconsistency of the native soils throughout the site, the existing ground was found to be unsuitable for subgrade preparation in many areas of the roadway and rail alignments. Additionally, the native soil was not suitable for use as embankment material. Class 700 riprap is utilized for subgrade stabilization in these areas. The 4" structural fill material is being utilized to cap the open-graded riprap and as general fill material in accordance with the Technical Specifications Sections 2.1.A "Embankment Material" and 2.1.C "Borrow Material".

II. CHANGE ORDER:

A. WHY DID WE GO TIME AND MATERIALS THE FIRST PART OF FEBRUARY AND NOT EXECUTE CHANGE ORDER UNTIL APRIL?

During initial earthwork operations in late January the Contractor encountered soil conditions significantly different from what was anticipated. After several site visits to evaluate the conditions and construction progress, it was determined that the native material excavated from the site was not suitable for use at that time and that significant subgrade stabilization would be required. These changes necessitated a significant change in construction methods and sequencing resulting in the decision to perform the work on a time and materials basis beginning on February 7, 2022. It is standard practice to go to a T&M basis when clear sequencing and construction methods are not available. T&M means you pay for what it costs to do the work, nothing more. This is the least cost method of proceeding, assuming you have a contractor who is efficiently working, which we do for this project.

In an effort to be as accurate as possible in estimating the changes required and minimize impacts to the project budget, AP and the Contractor extended significant effort evaluating value engineering options, construction methods, and quantity estimates. The initial draft of CCO No. 1 was prepared in early March, including the CCO Narrative document, Time and Materials Procedures, and a Cost Summary spreadsheet. After review by MCDC, several revisions were made and the final CCO No. 1 was prepared for approval in early April. All of this takes considerable time when the conditions moving forward are not clear and well known.

B. WHY DIDN'T WE ONLY EXECUTE THE CHANGE ORDER ON RIP RAP MATERIAL? THIS WAS THE MATERIAL THAT WE NEEDED ADDITIONAL QUANTITIES OF.

Riprap was not the only bid item affected by CCO No.1. As discussed above and in the Narrative included with CCO No. 1, The changes identified necessitated a significant change in construction methods and sequencing. While the increase in the quantity of riprap needed is perhaps the most significant portion of the changes, other bid items were reduced significantly or eliminated entirely.

C. ALL OF US KNOW COSTS ARE HIGHER TODAY THEN WHAT THEY WERE IN AUGUST WHEN THIS JOB'S EARTHWORK WAS BID.

1. WHY DIDN'T WE FINISH OUT OR KEEP ALL NEEDED LINE ITEMS OF THE ORIGINAL BID? IN THE CHANGE ORDER, WE DELETED 80% OF EARTHWORK AND THE SUBBALLAST LINE ITEMS.

All bid items that are not affected by the change in conditions remain as-is per the original Contract. As described in the CCO No. 1 Narrative and the Time and Materials

Procedures, earthwork and subballast items will be tracked and performed on a Time and Materials basis.

The original earthwork bid item was prepared with specific assumptions for quantities, sequencing, and methods of construction, etc., to establish the bid price. With the change of conditions, all of these items are different, thereby rendering the conditions for the original earthwork bid item meaningless. A new method is needed to track and pay for construction costs, which is T&M.

Discuss the assumptions for the initial earthwork bid and how that bid item was prepared, compared to the change of conditions and the new method of construction for earthwork and why changing to a T&M is the best and most fair course of action for the project.

2. WAS THIS IN THE BEST INTEREST OF MCDC WITH REGARDS TO BUDGET?

Absolutely. Given the significant changes in conditions and the uncertainty in final quantities, AP believes that performing this work on a Time and Materials basis is the most cost-effective approach to complete the necessary work. Per Article 5 of the General Conditions, when a material change of conditions occurs, the Contractor is entitled to price and time adjustments. AP and the Contractor discussed multiple possible pricing options, including unit price and lump sum work. Ultimately, given the on-going changing conditions and uncertainty in final quantities, AP determined that performing this work on a Time and Materials basis was the most appropriate and most cost-effective approach. As outlined in the CCO No. 1 Time and Materials Procedures, costs for the work are determined in accordance with Article 13 of the General Conditions and Supplementary Conditions, supplemented by the methods and procedures outlined in the Oregon Standard Specifications for Construction.

AP's project representative is on-site during construction to observe construction and works with the Contractor's superintendent to document and verify all labor, equipment, and materials to be tracked. Costs include labor verified by certified payroll documentation, material costs supported by supplier invoices, industry standard hourly equipment rates for both rental and owned equipment, as well as ODOT standard allowances for overhead and profit. These industry standard procedures promote transparency and ensures that MCDC is paying for the actual cost of the work. AP is making sure all of the T&M costs are calculated per the contract allowances and are fair and comparable to industry standard costs.

As the Owner's representative, AP has a professional duty to act in the best interest of the MCDC and administer the construction contract in a manner that results in the fairest cost to MCDC. This is how AP administers any construction project for any owner. We have, annually, dozens of active construction projects we manage for owners, and we approach all of them in a professional manner, following the construction contract and industry standard practices.

a. FOR EXAMPLE, WE ERASED THE SUBBALLAST MATERIAL FROM ORIGINAL BID AT \$18.50 PER TON.

1. WHAT WILL WE PAY FOR THIS MATERIAL NOW?

We anticipate the costs for installing the sub ballast material to be very close to the original bid price, if not cheaper, even with a significant increase in material cost from the supplier. Had we remained with the original unit price, we could expect a price increase of \$2 - \$5 per ton due to general construction cost increases since the time of the bid.

b. WHY DID WE DELETE 80% OF EARTHWORK?

The Contractor bid a lump sum price for the Earthwork bid item based on performing the work in a sequence that assumes that the native material is suitable for use in embankment construction. The change of conditions requires a significantly different sequence of operations including handling the material multiple times to excavate, stockpile for drying, place as fill, etc. The 80% reduction in the Earthwork bid items accounts for the earthwork required for the rail and roadway alignments that were significantly affected by the change in conditions. Discuss again here the basis for the earthwork lump sum bid item, and how the basis for that bid item is no longer accurate for payment purposes.

Through continued value engineering, we have revised the elevation and the Reload building and Track D to significantly reduce the earthwork required for that area. Once those changes are complete, we anticipate removing the remaining 20% of the original earthwork bid item.

1. WITH CURRENT INFLATION, WE KNOW THESE COSTS ARE CURRENTLY MORE EXPENSIVE WITH REGARDS TO EQUIPMENT RENTAL, LABOR, FUEL, ETC. AS COMPARED TO WHAT THOSE COSTS WERE IN THE ORIGINAL BID?

Not sure what the question is, but yes, costs are higher now and inflation is rising significantly each month and appears to continue to do so.

D. BY EXECUTING THE CHANGE ORDER, DID WE BAIL OUT A CONTRACTOR WHO WAS LOW BIDDER ON THIS EARTHWORK CONTRACT?

We do not understand the basis for suggesting a contractor is being "bailed out". That is not the case. Prior to recommending award of any contract, AP thoroughly reviews the bid documents submitted by each contractor and researches the history of the low

bidder to determine if they are qualified to perform the work and if they are in good standing with the contractor's board for the state of Oregon. Steve Lindley Contracting, Inc. (Lindley) was found to be a responsible bidder and qualified to perform the work. Lindley has successfully completed dozens of government projects and has a reputation for performing quality work and being excellent project partners. All bidders had the same opportunity to bid for this contract.

As discussed above, CCO No. 1 was warranted by a significant change in conditions in accordance with the Contract. Any contractor would be afforded the same remedy.

1. IS IT COINCIDENCE THAT THE LINE ITEMS WE REDUCED OR ELIMINATED IN CHANGE ORDER WERE THE EXACT LINE ITEMS THAT MADE THE CONTRACTOR THE INITIAL LOW BIDDER?

Yes, it is a coincidence. This analysis of individual line items in the bid seems to continue for this project, and it is not a valid way to evaluate the contractor's total bid.

Contractors have many different methods of bidding projects and allocating costs to various bid items. Bids are evaluated based on the Total Bid Price, not individual line items. In reviewing the bid documents prior to award as discussed above, one criterion for rejection is an unbalanced bid, in which a contractor prices some bid items significantly higher than cost and some items significantly lower than cost to skew the total bid price in their favor. AP found no indication of an unbalanced bid in the review process. Additionally, the Contractor's original unit prices for both Riprap bid items were not the lowest unit prices for those items amongst the 3 bids received.

To make this point, please review bid items 6 and 20. Bid item 6 is the earthwork bid, and the next lowest contractor is about \$300,000 higher than Lindley. Now review bid item 20, railroad sub ballast. The next lowest contractor is about \$1.1 million higher than Lindley. How can this question suggest that the earthwork is what made Lindley the low bidder (\$300,000 difference) when bid item 20 is \$1.1 million lower? This comparison makes it very clear that a bid must be evaluated on the Total Base Bid, not a particular line item.

E. WITH THE TRANSITION TO TIME AND MATERIALS, WHO HOLDS THE LIABILITY IN WORK THAT DOESN'T PASS INSPECTION? DO WE HAVE TO PAY FOR THE SAME WORK TWICE?

The quality of the work is solely the contractor's responsibility. And no, MCDC is not paying twice for any of the work. All work shall be performed in accordance with the Drawings and Technical Specifications of the Contract regardless of the method of payment. CCO No. 1 does not relieve the Contractor of any responsibility for quality control, including compaction or other testing requirements. AP's project representative observes the construction methods and works with the Contractor to ensure the work progresses in an efficient manner, meets all quality control requirements. All quality control is documented. The contractor is responsible for any failed areas and must repair them at their expense. Discuss the 11-month warranty inspection and process.

F. 4" MINUS MATERIAL WASN'T LISTED ON THE ORIGINAL BID. IN THE CHANGE ORDER, WE HAVE A SIGNIFICANT AMOUNT OF THIS MATERIAL.

1. WHAT IS 4" MINUS?

There are two components to this question, first is the 4" pit run material obtained from the Rhinehart BLM pit in place of Class 50 Riprap and the second is structural fill material supplied from a separate source.

CCO No. 1 references 4" Pit Run material that was obtained from the Rhinehart BLM pit. This material consists of aggregate with a maximum size of approximately 4" and includes smaller particles and fines. This material differs from the Class 50 Riprap in that the Riprap has a slightly larger maximum size, approximately 6", and has very few smaller particles.

2. WHAT PIT IS THIS MATERIAL COMING FROM?

As outlined earlier, a total quantity of 16,756.23 tons was supplied from the Rhinehart BLM pit. 4,072.28 tons were delivered and installed under the Class 50 Riprap bid item at the contract unit price of \$43.75 per ton (through Application for Payment No. 2) until the revised T&M approach was finalized. Under the Time and Materials procedures, an additional 11,783.95 tons was delivered to the site at a unit price of \$28.79 per ton (per CCO No. 1).

After the maximum allowable quantity of material was obtained from the Rhinehart BLM pit, another supplier for a similar material was secured because additional structural fill material was needed. Structural Fill material is being supplied from Hilltop Rock in Parma, Idaho. The unit price for the structural fill material is \$20 per ton, delivered to the site.

3. WHAT IS THIS MATERIAL USED FOR?

When utilizing the larger Class 700 Riprap material for subgrade stabilization, the pit run material is used as a cap layer on top of the riprap. The pitrun material performs better than the Class 50 riprap in this application as the smaller particles help seal the voids. The structural fill material is being utilized to cap the open-graded riprap and as general fill material in accordance with the Technical Specifications Sections 2.1.A "Embankment Material" and 2.1.C "Borrow Material".

4. HOW WAS PRICE FOR 4" MINUS DETERMINED? WAS THIS MATERIAL PUT OUT TO BID?

A public bidding process was not used for this additional material as the Contractor is allowed to choose their suppliers. The Contractor worked

diligently to find the most cost-effective source for the additional material. Unit cost of the structural fill material was determined by actual costs to purchase the material from the commercial source and haul it to the site. AP reviewed the proposed unit pricing and determined it to be reasonable and appropriate.

G. CAN WE RESCIND THE ORIGINAL CHANGE ORDER AND ADOPT AN ORDER THAT WILL BE IN THE BEST INTEREST OF MCDC?

AP strongly believes you have already acted in the best interests of MCDC, as the answers to these questions and the discussion have demonstrated thus far. The executed CCO No. 1 modifies the Contract and MCDC has already made payment based on it for all the work through the end of March, so it cannot be unilaterally rescinded. As noted above, it is our opinion that CCO No. 1 is the most cost-effective method to complete the work.

Based on the decision to proceed on a T&M and the decision to execute a change order for each application for payment, we have proceeded with work from April 1 through current under these assumptions. The contractor has worked all of April and half of May with these assumptions, on good faith, and the work for this period has been completed in accordance with the contract technical specifications. The contractor is due payment for this work. We have Application for Payments No. 4 and 5, and Change Orders No. 2 and 3 to act on, for a total of approximately \$1.65 MILLION in work THAT IS ALREADY COMPLETED.

AP believes MCDC is proceeding in the best interests of MCDC.

III. WE SHOULD OF REBID ADDITIONAL MATERIALS NEEDED IN CHANGE ORDER TO MAKE SURE WE OBTAINED LOW COST OF ADDITIONAL MATERIAL.

A. WAS KELLY POMEROY OR BOX OF ROCKS CONTACTED FOR A PRICE OF THE ADDITIONAL MATERIAL? IN THE ORIGINAL BID, THEY WERE THE NEXT TWO LOWEST BIDDERS FOR RIP RAP.

A candid discussion is needed here about material sources and the contractor's willingness to work with area sources. Basic information is presented hereafter, with more detail to be provided during the discussion.

Box of Rocks was routinely the highest bidder for materials, both on the earthwork contract and the rail contract. Discuss local activities to date, the negative impact these activities are having on the project, and why Lindley does not intend to do business with Box of Rocks.

Kelly Pomeroy withdrew his bid for rip cap in writing with Lindley.

B. WHAT IS THE PRICE OF ADDITIONAL RIP RAP DELIVERED AND PLACED FROM CAMBRIDGE PIT?

Class 700 Riprap is currently sourced from Lacey Rock in Cambridge, Idaho at a unit price of \$38 per ton, delivered to the site. Installation of the rip rap is being paid for as part of the Time and Materials costs for the work.

IV. WE NEED TO REBID BUILDING WITH ONLY ONE ORIGINAL BIDDER.

While this is an approach MCDC can take, this may not be in the best interest of the project. Consider the following scenarios:

Current Bid Acceptance

- You have an established price
- We have negotiated the price down about \$450,000
- We have revised elevations to save another \$300,000
- We are close to securing financial assistance from Americold
- We still have time to award this project but are down to three weeks left.
- All these actions bring the building price down to about \$4 million, which can fit in the overall budget, assuming the additional funds arrive as discussed.
- This process works with the budget and keeps you close to being on schedule, which is significantly in the best interest of Americold

If you choose to rebid:

- You are no longer on schedule
- There is no guarantee you will even get a bid with current bidding conditions that are occurring.
- Significant inflation is occurring each month, as you have noted many times in the questions herein. There is little chance to secure a lower bid moving forward. We have seen many projects currently bidding that have come in at TWICE the estimated amounts, and other projects that aren't getting any bids due to the unknown conditions currently occurring in the industry. The bidding environment is terrible currently.

AP is not sure rebidding is the best course of action. We will proceed as you prefer.

V. WITH DISCUSSIONS OF BUDGET OVERRUNS, INFLATION, THE DEPTH OF SLOUGH AND THE SOIL MOISTURE PERCENTAGE OF ONSITE MATERIALS HAS BEEN TO BLAME. IN PRECONSTRUCTION ANALYSIS, WHY DIDN'T ANDERSON PERRY DIG MORE TEST HOLES TO DETERMINE THE EXTENT THAT THESE FACTORS WOULD NEGATIVELY AFFECT THE PROJECT'S BUDGET? THERE WERE NUMEROUS PEOPLE IN THE COMMUNITY THAT WERE CONCERNED ABOUT SITES SUBMOISTURE.

AP completed a geotechnical evaluation of the site by excavating 12 test pits. The site is a mile long. In addition, the building stie moved to the current location after the explorations occurred. We also completed explorations during a drier time of the year.

It is always a balance when considering how much to invest in explorations prior to completing design of a project. In addition, we could not excavate in the wetland areas without a permit being in place to work within the wetlands. The permit process takes a very long time, as we have experienced on this project. Thus, no explorations occurred in the wetland areas, which is the area where the most significant impact for additional rip rap materials occurred.

As is commonly said, hindsight is 2020, which means looking back at a situation or an event and having a clearer understanding of it and how things could have been done potentially better. It is important to note that even if we would have known conditions were as they currently are, the design would have reflected those conditions and the costs would have been much higher in the initial bid, since the needed import material quantities would have been reflected in the bid. In addition, the current inflation situation would result in additional costs to the project in either scenario, as the contractor has the right to cover those costs via change order when conditions significantly change.

VI. THE BOARD OF THIS PROJECT WANTS TO MAKE SURE THIS PROJECT IS COMPLETED CORRECTLY. WE NEED TO WORRY LESS ABOUT DEADLINES, AND MAKE SURE WE ARE FISCALLY RESPONSIBLE AND MAKE RESPONSIBLE DECISIONS. NO MATTER DYNAMICS OF CULTURE, WE NEED TO BE EFFICIENT STEWARDS OF OUR RESOURCES AND STRETCH THEM AS FAR AS WE CAN. MISTAKES ARE USUALLY MADE WHEN DECISIONS ARE RUSHED.

THIS BOARD IS GOING TO BE HERE IN MALHEUR COUNTY WHEN THIS PROJECT IS COMPLETED. WE WANT A FACILITY THAT WE CAN BE PROUD OF AND ONE THAT WILL BENEFIT TREASURE VALLEY'S AGRICULTURAL INDUSTRY. IF THE AGRICULTURE INDUSTRY BENEFITS, THE ECONOMICAL BENEFITS WILL SPREAD TO OTHER BUSINESSES IN THE AREA.

AP believes we and the MCDC board have proceeded in the best interest of the project to date. Decisions have not been rushed, as demonstrated in the time it took to evaluate how best to proceed with the change of conditions that occurred for the project. AP has a common goal with the board for the TVRC facility to be the best it can, with the budget available, for the agricultural community of the treasure valley. AP has been in business for 42 years and has worked in Malheur County for the majority of our existence and intends to continue to do so. AP is also here after the project is finished and wants the project to be successful.

AP firmly believes we are proceeding in the best interest of MCDC. AP also has a professional responsibility to administer the construction contracts in the best manner possible, and in MCDC's best interest. We believe we have and will continue to do so.

OTHER ITEMS THAT NEED DISCUSSED TODAY

- Contractor Applications for Payment No. 4, and 5, and Change Orders No. 2 and 3
- RailWorks Application for Payment No. 1
- Award of building contract
- Payment time for contractors
- Overall budget review
- General construction administration and MCDC interaction moving forward