

JOHN N. HUGHES
Attorney at Law
Professional Service Corporation
124 WEST TODD STREET
FRANKFORT, KENTUCKY 40601

Telephone:
(502) 227-7270

Telecopier:
(502) 875-7059

February 24, 2005

RECEIVED

FEB 24 2005

PUBLIC SERVICE
COMMISSION

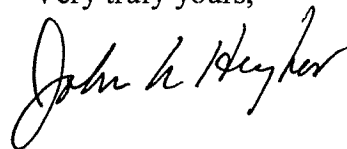
Beth O'Donnell
Executive Director
Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601

Re: Case No. 2005-00063

Dear Ms. O'Donnell:

Northern Kentucky Water District's Board of Commissioners has accepted the bids for the remodeling of the central facility. Minutes of the meeting are attached. If additional information is needed, please contact me.

Very truly yours,



John N. Hughes

Attorney for Northern Kentucky
Water District

Cc: Attorney General
Gerald Wuetcher

attachment

**NORTHERN KENTUCKY WATER DISTRICT
BOARD OF COMMISSIONERS MEETING
February 17, 2005**

A regular meeting of the Board of Commissioners of the Northern Kentucky Water District was held on February 17, 2005 at the District's Aqua Drive office. All Commissioners were present. Also present were Ron Lovan, Richard Harrison, Ron Barrow, Bari Joslyn, Bob Buhrlage, Don Gibson, Bill Wulfeck, Frances Robinson, Debra DeCourcy and Charles Pangburn.

Commissioner Wagner called the meeting to order.

Ms. Joslyn of the District staff led those in attendance in the Pledge of Allegiance.

The Board reviewed articles published and correspondence received since the last regular Board meeting held on January 20, 2005.

On motion of Commissioner Jackson, seconded by Commissioner Sommerkamp, the Board unanimously approved the minutes of the regular Board meeting held on January 20, 2005.

On motion of Commissioner Sommerkamp, seconded by Commissioner Collins, the Board unanimously approved the expenditures of the District for the month of January, 2005.

The Board briefly discussed the District's cash handling policies and procedures.

On motion of Commissioner Koester, seconded by Commissioner Sommerkamp, the Board unanimously authorized the District staff to execute contract documents to award the meter move-out contract for the 2005 water main cleaning and lining program to Rose Excavation & Development.

On motion of Commissioner Macke, seconded by Commissioner Collins, the Board unanimously authorized an increase in the project budget for the 16 inch water main replacement project in Latonia to \$375,590.00 and authorized the District staff to execute contract documents to award the project to Lykins Contracting.

On motion of Commissioner Sommerkamp, seconded by Commissioner Jackson, the Board unanimously authorized the District staff to execute contract documents to award the U.S. 27 pump station expansion project to Building Crafts Inc.

On motion of Commissioner Collins, seconded by Commissioner Sommerkamp, the Board unanimously authorized the District staff to execute contract documents to award the south reservoir dam improvement project to Rector Excavating.

On motion of Commissioner Collins, seconded by Commissioner Sommerkamp, the Board unanimously agreed to go into executive session under the provisions of KRS 61.810(1)(c) to discuss threatened litigation.

The Board returned to open session.

On motion of Commissioner Sommerkamp, seconded by Commissioner Jackson, the Board unanimously authorized the District staff to execute contract documents to award the Central Facility project with alternate nos. 1, 2, 3, 4, 5, 7, and 8 to Morel Construction Co.

The Board reviewed the District's financial reports.

The Board reviewed the District's Department reports.

The Board unanimously agreed to move the March regular Board meeting to March 15, 2005 at 2:00 p.m. at the District's Aqua Drive office and the July regular Board meeting to July 28, 2005 at 2:00 p.m. at the District's Aqua Drive office.

Other matters of a general nature were discussed.

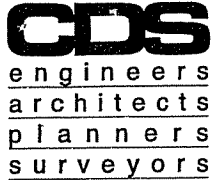
On motion of Commissioner Collins, seconded by Commissioner Sommerkamp, the Board unanimously agreed to go into executive session under the provisions of KRS 61.810(1)(c) to discuss pending litigation.

The Board returned to open session.

There being no further business to come before the Board, the meeting was adjourned.

CHAIR

SECRETARY



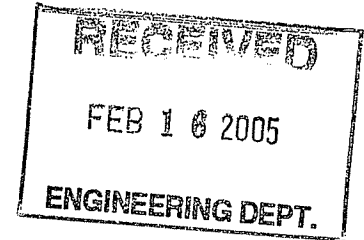
CDS Associates, Inc.
www.cds-assoc.com

11120 Kenwood Road
Cincinnati, Ohio 45242-1818
513.791.1700
513.791.1936 FAX

7000 Dixie Highway
Florence, Kentucky 41042
859.525.0544
859.525.0561 FAX

February 14, 2005

Ms. Amy Kramer, P.E.
Design Engineering Manager
Northern Kentucky Water District
3049 Dixie Highway
P.O. Box 17010
Covington, Kentucky 41017-1829



**RE: Northern Kentucky Water District Renovation Project
Letter of Recommendation
2004404-002**

Dear Amy,

On Tuesday, February 1, 2005, bids were opened for the NKWD Central Facility Renovation project. We have evaluated the bids for the project and offer the following information for your consideration and recommendation to the Board:

The apparent low bidder for the project is Morel Construction. Their base bid amount is \$3,050,000.00. In regards to the eight alternates, the bids varied from one to the next. However, any combination of alternates selected in addition to the base bid would still result in Morel Construction as the low bidder. We have attached a bid summary sheet showing all the bids.

Neither CDS Associates, Inc. or KLH Engineers has worked with Morel on any projects. However, our review of their references, past projects, financial information and history find them to be satisfactory and they appear to be a qualified bidder. Their headquarters is located in Louisville, Kentucky and they have completed a significant number of public projects dating back to 1990. We spoke with architects and owners of seven recently completed or nearly completed projects in the Northern Kentucky region. In general, the representatives on these projects indicated satisfactory performance by Morel Construction. None of the people we spoke to indicated problems with liens filed or significant disputes with payments to suppliers or subcontractors. Our review of the financial information provided indicates they seem to be financially sound. They have a satisfactory rating with the Better Business Bureau with no complaints processed within the last twelve months.

Morel did indicate they are involved in ongoing litigation on past projects dating back to 1998. Our review of these litigation issues did not uncover any items that seemed too unusual for a company of their size. Most of the items involved contract disputes with subcontractors, which valued \$10,000 or less for each occurrence. See the attached letter and phone conversation memo for further information on each issue.

Ms. Amy Kramer, P.E.
Northern Kentucky Water District
RE: Bid Recommendation; 2004404-002
February 14, 2005

Page Two

The subcontractors listed to provide work on this project include the following:

- Mechanical: Independence Heating Cooling & Electric
- Electrical: Hoffman Electric
- Plumbing: Geiler Company
- Concrete: Morel
- Pavement: Eaton Asphalt
- Audio Visual / Security: American Sound and Electronics, Inc.
- Network Electronics: J. Daniel & Company

CDS Associates and/or KLH Engineers has worked successfully with all of these companies with the exception of Independence Heating Cooling & Electric, which neither CDS nor KLH has worked with. We had conversations with references provided from Independence Heating Cooling & Electric on some of their previous projects; and, it seems they would be capable of providing quality workmanship for this project.

In regards to the selection of alternates we have the following comments:

- Alternate #1: Canopies: Although their bid on this item is higher than our estimate it is within 3-1/2% of the average bid on this item. Therefore, we believe this is a fair bid for the scope of work.
- Alternate #2: Panel Partition: Their bid is less than our estimate. Therefore, we believe this is a fair bid for the scope of work.
- Alternate #3: Interior Fence: Although their bid on this item is higher than our estimate it is less than the average bid on this item. Therefore, we believe this is a fair bid for the scope of work.
- Alternate #4: Exterior Fence: Although their bid on this item is higher than our estimate it is within 1% of the average bid on this item. Therefore, we believe this is a fair bid for the scope of work.
- Alternate #5: Finishes: Their bid is less than our estimate. Therefore, we believe this is a fair bid for the scope of work.
- Alternate #6: Demountable Partitions: After closer review of our estimate we believe the value of this item should be higher than our original estimate. However, even after closer review we believe this should only be an add of about \$75,000. It is our opinion that this additional cost is much higher than the added value.

Ms. Amy Kramer, P.E.
Northern Kentucky Water District
RE: Bid Recommendation; 2004404-002
February 14, 2005

Page Three

Alternate #7: Exterior Lighting: After closer review of our estimate we found the quantity of light fixtures effected by this alternate to be higher than our original estimate. Also, their bid is with in 2% of the average bid for this item. Therefore, we believe this is a fair bid for the scope of work.

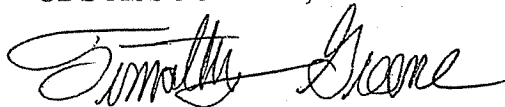
Alternate #8: Fire Windows: Their bid is the same as our estimate. Therefore, we believe this is a fair bid for the scope of work.

Based on our review of Morel's bid package and references, we believe they are a qualified bidder capable of constructing this project on schedule for the amount listed on their bid form.

If you should have any questions concerning the bid or our recommendation, please call me at 513-791-1700, ext. 140.

Sincerely,

CDS ASSOCIATES, INC.



Timothy R. Greene, AIA
Project Manager

Attachment

cc: Richard Harrison
Jim Schaeper

TRG:rgf