

# Hopping Green & Sams

Attorneys and Counselors

Writer's Direct Dial Number  
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July 11, 2003

## BY HAND DELIVERY

Lawrence (Larry) Harris  
Staff Attorney  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

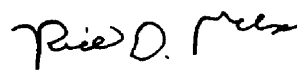
Re: Docket No. 000694-WU – Response to Informal Staff Data Requests

Dear Larry:

In response to informal written and telephonic data requests from Gerald Edwards to Frank Seidman, WMSI is providing the attached responses and supporting exhibits.

By copy of this letter, we are also furnishing this information to the Office of Public Counsel. If you have any questions regarding this material, please give me a call.

Very truly yours,



Richard D. Melson

RDM/mee  
Enclosures  
cc: Steve Burgess  
Gerald Edwards  
Trish Merchant  
Blanca Bayó (for docket file)  
Gene Brown

DOCUMENT RECEIVED  
J6158 JUL 11 03  
FPSC-COMMISSION CLERK

## WRITTEN REQUESTS

1. Copies of all bids (regarding the fire flow project), submitted to the utility by vendors.

Response: The fire flow project is being funded with proceeds the State Revolving Fund loan administered by DEP. Because the fire flow project was not included in the original DEP funding agreement, funds could be disbursed for this project only if the company utilized a change order to one of the existing, approved contracts: Blankenship or Boh Bros.

The company initially negotiated with Blankenship to install 22,332 feet of new mains. As shown by (unexecuted) Change Order No. 4, a copy of which is attached as Exhibit 1, Blankenship's quote for this work was \$961,313. Because this price was too high, the main project was scaled back to 17,700 feet of new pipe work, which is the amount required to provide fire protection in the currently populated areas. Blankenship's proposed price for this reduced scope of pipe work was still in excess of \$600,000.

The company then began negotiating with Boh Bros. and other subs to obtain a price for all the fire flow work required, including the 17,700 feet of piping (for which Boh Bros. quoted \$411,305), plus the new elevated tank, a new emergency generator, and related water plant improvements. As a result of these negotiations, the company entered into a change order ("Plan Change No. 2") to the original Boh Bros. contract for \$1,150,829. (A copy of the Boh Bros. contract, together with change order nos. 1 and 2, is attached as Exhibit 2.)

2. I need a schedule which lists all components needed to complete the fire flow project. This schedule should consist of, but not limited to, the cost of each component, the installation cost of each component, and a list of tentative dates of construction/installation. In addition, the utility should provide an itemized list of all estimated legal and engineering costs that are associated with the fire flow project.

Response: See attached Exhibit 3.

The difference of \$123,043 between the \$1,027,786 fire flow project costs shown on Exhibit 3 and the Boh Bros. change order no. 2 price of \$1,150,829 represents additional improvements that are being made at the plant to accommodate future growth.

As shown on Exhibits 2 and 3, the Boh Bros. contract price for the fire flow improvements includes both materials and installation, which are not broken out separately.

The legal and engineering costs for the supply main project and the fire flow improvements have not been broken out separately. In response to staff's telephonic request for information (see Item 5.a below), the company is providing a breakdown of the total of \$880,472 of engineering and overheads shown on Schedule 3, page 1, of the company's original filing. The company believes that \$168,557 of the total engineering costs (\$762,500) should be allocated to the fire flow improvements as follows:

|                          |                    |
|--------------------------|--------------------|
| Supply Main Project      | \$4,055,173        |
| Fire Protection Project  | <u>\$1,150,829</u> |
| Total (before overheads) | \$5,206,002        |

$$\$1,150,829 / \$5,206,002 = 22.106\%$$

$$22.106\% \times \$762,500 = \$168,557$$

3. Are you replacing a portion or all of the service mains? If a portion, where will they be located? Further, will the 6" and 8" inch mains be PVC?

Response: No, the company is not replacing any existing service mains. The new mains will be PVC. See attached Exhibit 3.

4. Are you replacing a portion or all of the service lines? If a portion, where will they be located? And, will the new lines be PVC?

Response: No, the company is not replacing any existing service lines. See attached Exhibit 3.

**TELEPHONIC QUESTIONS**

5. With regard to Schedule 3, page 1 of the filing, please provide a breakdown of:

a. \$880,472 in Engineering & Overheads

Response: See modified Schedule 2, Detailing Engineering & Administrative Overheads, 7/10/2003, a copy of which is attached as Exhibit 4. As stated in response to Item No. 2 above, \$168,557 of this amount should be allocated to the fire projection project.

b. \$141,658 in markup, insurance, spare parts allocated and included in Fire Protection Project

Response: The \$141,658 was based on a proposed change order to the Boh Bros. contract. According to the final change order no. 2 (a copy of which is attached as Exhibit 2), the amount is \$73,379. A revised page 1 of Schedule 3 that conforms to the actual change order is attached as Exhibit 5.

The \$73,379 of mark-up and insurance is allocated and spread back over the line items of the Boh Bros. change order as follows:

$$\begin{aligned} \text{Percentage mark-up and insurance} &= \$73,379 / \$1,077,450 \\ &= 6.81043\% \end{aligned}$$

Example:

$$\text{Pipe cost per change order} \times (1 + \text{mark-up}) = \text{Cost per Schedule 3}$$

$$\$385,079 \times 1.0681043 = \$411,305$$

**CHANGE ORDER**

(Instructions on reverse side)

No. 4

PROJECT St George Island Bridge

DATE OF ISSUANCE February 7, 2003 EFFECTIVE DATE \_\_\_\_\_

OWNER Water Service Management, Inc.

OWNER's Contract No. \_\_\_\_\_

CONTRACTOR Blankenship Contracting, Inc. ENGINEER Les Thomas Consulting Engineers

You are directed to make the following changes in the Contract Documents.

Description:

**SEE ATTACHED**

Reason for Change Order:

Attachments: (List documents supporting change)

| CHANGE IN CONTRACT PRICE:  | CHANGE IN CONTRACT TIMES:  |
|--|--|
| Original contract Price<br>\$ <u>367,218.13</u>  | Original Contract Times<br>Substantial Completion: <u>As per progression of bridge 12/28/02</u><br>Ready for final payment: <u>30</u><br>days or dates |
| Net changes from previous Change Orders No. <u>1</u> to No. <u>3</u><br>\$ <u>942,268.48</u> | Net change from previous Change Orders No. <u>1</u> to No. <u>3</u><br><u>339</u><br>days  |
| Contract Price prior to this Change Order<br>\$ <u>1,309,486.61</u>                          | Contract Times prior to this Change Order<br>Substantial Completion: <u>December 2, 2002</u><br>Ready for final payment: <u>30</u><br>days or dates    |
| Net Increase (decrease) of this Change Order<br>\$ <u>961,313.00</u>                         | Net Increase ( <del>decrease</del> ) of this Change Orders<br><u>200 days</u><br>days  |
| Contract Price with all approved Change Orders<br>\$ <u>2,270,799.61</u>                     | Contract Times with all approved Change Orders<br>Substantial Completion: _____<br>Ready for final payment: _____<br>days or dates                     |

RECOMMENDED:  
By: \_\_\_\_\_  
Engineer (Authorized Signature)

APPROVED:  
By: \_\_\_\_\_  
Owner (Authorized Signature)

ACCEPTED:  
By: Mike Blankenship  
Contractor (Authorized Signature)

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Date: 2-7-03

St George Island  
Water System  
Change Order #4

|   | Quantity | Unit | Unit Price | Extended Price |
|---|----------|------|------------|----------------|
| <b>#1</b>                                   |          |      |            |                |
| 6" PVC                                      | 100      | lf   | 11.50      | 1,150.00       |
| remove existing 90 bend replace w/ 6" tee   | 1        | ea   | 1,782.00   | 1,782.00       |
| remove existing cap, replace w/6" sleeve    | 1        | ea   | 1,740.00   | 1,740.00       |
| pressure test                               | 1        | ls   | 275.00     | 275.00         |
| bacteriological testing                     | 1        | ls   | 452.00     | 452.00         |
| <b>#2</b>                                   |          |      | 0.00       | 0.00           |
| 6" PVC                                      | 200      | lf   | 11.50      | 2,300.00       |
| remove existing 6" cap, replace w/6" sleeve | 2        | ea   | 1,782.00   | 3,564.00       |
| pressure test                               | 1        | ls   | 275.00     | 275.00         |
| bacteriological testing                     | 1        | ls   | 452.00     | 452.00         |
| <b>#3</b>                                   |          |      | 0.00       | 0.00           |
| 6" PVC                                      | 600      | lf   | 11.50      | 6,900.00       |
| 6" gate valve                               | 2        | ea   | 706.00     | 1,412.00       |
| 6" T S & V                                  | 1        | ea   | 1,976.00   | 1,976.00       |
| 6" 45 w/megalug                             | 2        | ea   | 252.00     | 504.00         |
| 6" 90 w/megalug                             | 1        | ea   | 258.00     | 258.00         |
| remove existing 6" cap,                     | 1        | ea   | 1,740.00   | 1,740.00       |
| pressure test                               | 1        | ls   | 275.00     | 275.00         |
| bacteriological testing                     | 1        | ls   | 452.00     | 452.00         |
| <b>#4</b>                                   |          |      | 0.00       | 0.00           |
| 6" PVC                                      | 260      | lf   | 11.50      | 2,990.00       |
| 6" gate valve                               | 1        | ea   | 706.00     | 706.00         |
| remove existing 6" cap, replace w/6" sleeve | 2        | ea   | 1,740.00   | 3,480.00       |
| pressure test                               | 1        | ls   | 275.00     | 275.00         |
| bacteriological testing                     | 1        | ls   | 452.00     | 452.00         |
| <b>#5</b>                                   |          |      | 0.00       | 0.00           |
| 6" PVC                                      | 260      | lf   | 11.50      | 2,990.00       |
| 6" gate valve                               | 1        | ea   | 706.00     | 706.00         |
| remove existing 6" cap, replace w/6" sleeve | 2        | ea   | 1,740.00   | 3,480.00       |
| pressure test                               | 1        | ls   | 275.00     | 275.00         |
| bacteriological testing                     | 1        | ls   | 452.00     | 452.00         |
| <b>#6</b>                                   |          |      | 0.00       | 0.00           |
| 6" PVC                                      | 300      | lf   | 11.50      | 3,450.00       |
| 6" gate valve                               | 2        | ea   | 706.00     | 1,412.00       |
| remove existing 6" cap, replace w/6" sleeve | 2        | ea   | 1,740.00   | 3,480.00       |
| pressure test                               | 1        | ls   | 275.00     | 275.00         |
| bacteriological testing                     | 1        | ls   | 452.00     | 452.00         |
| <b>#7</b>                                   |          |      | 0.00       | 0.00           |
| 6" PVC                                      | 300      | lf   | 11.50      | 3,450.00       |
| 6" gate valve                               | 2        | ea   | 706.00     | 1,412.00       |

St George Island  
Water System  
Change Order #4

|  |      |    |          |           |
|--|------|----|----------|-----------|
| remove existing 6" cap,<br>replace w/6" sleeve | 2    | ea | 1,740.00 | 3,480.00  |
| pressure test                                  | 1    | ls | 275.00   | 275.00    |
| bacteriological testing                        | 1    | ls | 452.00   | 452.00    |
| <b>#8</b>                                      |      |    | 0.00     | 0.00      |
| 6" PVC   | 300  | lf | 11.50    | 3,450.00  |
| 6" gate valve                                  | 1    | ea | 706.00   | 706.00    |
| remove existing 6" cap,<br>replace w/6" sleeve | 2    | ea | 1,740.00 | 3,480.00  |
| pressure test                                  | 1    | ls | 275.00   | 275.00    |
| bacteriological testing                        | 1    | ls | 452.00   | 452.00    |
| <b>#9</b>                                      |      |    | 0.00     | 0.00      |
| 6" PVC   | 250  | lf | 11.50    | 2,875.00  |
| 6" gate valve                                  | 1    | ea | 706.00   | 706.00    |
| remove existing 6" cap,<br>replace w/6" sleeve | 2    | ea | 1,740.00 | 3,480.00  |
| <b>#10</b>                                     |      |    | 0.00     | 0.00      |
| 6" PVC   | 580  | lf | 11.50    | 6,670.00  |
| remove existing 6" cap,<br>pressure test       | 2    | ea | 1,740.00 | 3,480.00  |
| bacteriological testing                        | 1    | ls | 275.00   | 275.00    |
|  | 1    | ls | 452.00   | 452.00    |
| <b>#11</b>                                     |      |    | 0.00     | 0.00      |
| 6" PVC   | 300  | lf | 11.50    | 3,450.00  |
| 6" gate valve                                  | 1    | ea | 706.00   | 706.00    |
| 6 X 6 MJ tee                                   | 1    | ea | 347.00   | 347.00    |
| 6" 90 bend                                     | 2    | ea | 258.00   | 516.00    |
| 6" cap   | 1    | ea | 152.00   | 152.00    |
| remove existing 6" cap,<br>pressure test       | 2    | ea | 1,650.00 | 3,300.00  |
| bacteriological testing                        | 1    | ls | 275.00   | 275.00    |
|  | 1    | ls | 452.00   | 452.00    |
| <b>#12</b>                                     |      |    | 0.00     | 0.00      |
| 6" PVC   | 980  | lf | 11.50    | 11,270.00 |
| 6" gate valve                                  | 3    | ea | 706.00   | 2,118.00  |
| 6" T S & V                                     | 2    | ea | 1,976.00 | 3,952.00  |
| 6" cap   | 1    | ea | 152.00   | 152.00    |
| 6" MJ Tee                                      | 1    | ea | 347.00   | 347.00    |
| 6" MJ 90                                       | 1    | ea | 258.00   | 258.00    |
| pressure test                                  | 1    | ls | 275.00   | 275.00    |
| bacteriological testing                        | 1    | ls | 452.00   | 452.00    |
| <b>#13</b>                                     |      |    | 0.00     | 0.00      |
| 6" PVC   | 960  | lf | 11.50    | 11,040.00 |
| 6" gate valve                                  | 2    | ea | 706.00   | 1,412.00  |
| 6" cap   | 1    | ea | 152.00   | 152.00    |
| pressure test                                  | 1    | ls | 275.00   | 275.00    |
| bacteriological testing                        | 1    | ls | 452.00   | 452.00    |
| <b>#14</b>                                     |      |    | 0.00     | 0.00      |
| 6" PVC   | 1400 | lf | 11.50    | 16,100.00 |
| 6" T S & V                                     | 1    | ea | 1,976.00 | 1,976.00  |
| 90 bend  | 1    | ea | 258.00   | 258.00    |
| pressure test                                  | 1    | ls | 275.00   | 275.00    |



St George Island  
Water System  
Change Order #4

|   |      |    |          |           |
|---|------|----|----------|-----------|
| bacteriological testing                         | 1    | ls | 452.00   | 452.00    |
| <b>#15</b>                                      |      |    | 0.00     | 0.00      |
| 8" PVC  | 340  | lf | 14.50    | 4,930.00  |
| 8" gate valve                                   | 1    | ea | 899.00   | 899.00    |
| 8 X 8 T S & V                                   | 1    | ea | 2,549.00 | 2,549.00  |
| 8 X 2 Reducer (Connect to existing 2")          | 1    | ls | 929.00   | 929.00    |
| pressure test                                   | 1    | ls | 275.00   | 275.00    |
| bacteriological testing                         | 1    | ls | 452.00   | 452.00    |
| <b>#16</b>                                      |      |    | 0.00     | 0.00      |
| 6" PVC  | 2000 | lf | 11.50    | 23,000.00 |
| 6" gate valve                                   | 3    | ea | 706.00   | 2,118.00  |
| connect to existing 6" main                     | 2    | ea | 1,740.00 | 3,480.00  |
| pressure test                                   | 1    | ls | 275.00   | 275.00    |
| bacteriological testing                         | 1    | ls | 452.00   | 452.00    |
| <b>#17</b>                                      |      |    | 0.00     | 0.00      |
| 8" PVC  | 340  | lf | 14.50    | 4,930.00  |
| 8" gate valve                                   | 1    | ea | 899.00   | 899.00    |
| tie to existing 2"                              | 1    | ea | 929.00   | 929.00    |
| tie to existing 6" (6 X 6 T S & V w/ 8 X 6 red) | 1    | ls | 2,613.00 | 2,613.00  |
| pressure test                                   | 1    | ls | 275.00   | 275.00    |
| bacteriological testing                         | 1    | ls | 452.00   | 452.00    |
| <b>#18</b>                                      |      |    | 0.00     | 0.00      |
| 6" PVC  | 1700 | lf | 11.50    | 19,550.00 |
| 6" gate valve                                   | 3    | ea | 706.00   | 2,118.00  |
| tie to existing 6" Main                         | 3    | ea | 1,740.00 | 5,220.00  |
| pressure test                                   | 1    | ls | 275.00   | 275.00    |
| bacteriological testing                         | 1    | ls | 452.00   | 452.00    |
| <b>#19</b>                                      |      |    | 0.00     | 0.00      |
| 6" PVC  | 340  | lf | 11.50    | 3,910.00  |
| 6" gate valve                                   | 1    | ea | 706.00   | 706.00    |
| 6" 90 bend                                      | 1    | ea | 258.00   | 258.00    |
| connect to existing 6" main (6 X 6 T S & V)     | 1    | ls | 2,526.00 | 2,526.00  |
| pressure test                                   | 1    | ls | 275.00   | 275.00    |
| bacteriological testing                         | 1    | ls | 452.00   | 452.00    |
| <b>#20</b>                                      |      |    | 0.00     | 0.00      |
| 8" PVC  | 340  | lf | 14.50    | 4,930.00  |
| 8" gate valve                                   | 1    | ea | 899.00   | 899.00    |
| tie to existing 2"                              | 1    | ea | 929.00   | 929.00    |
| tie to existing 6" (6 X 6 T S & V)              | 1    | ea | 2,503.00 | 2,503.00  |
| pressure test                                   | 1    | ls | 275.00   | 275.00    |
| bacteriological testing                         | 1    | ls | 452.00   | 452.00    |
| <b>#21</b>                                      |      |    | 0.00     | 0.00      |
| 6" PVC  | 960  | lf | 11.50    | 11,040.00 |
| tie to existing 6"                              | 2    | ea | 1,740.00 | 3,480.00  |
| pressure test                                   | 1    | ls | 275.00   | 275.00    |
| bacteriological testing                         | 1    | ls | 452.00   | 452.00    |

St George Island  
Water System  
Change Order #4

|  |      |    |          |           |
|--|------|----|----------|-----------|
| <b>#22</b>                               |      |    | 0.00     | 0.00      |
| 6" PVC                                   | 1100 | lf | 11.50    | 12,650.00 |
| 6" gate valve                            | 3    | ea | 706.00   | 2,118.00  |
| connect to existing 6"                   | 3    | ea | 1,740.00 | 5,220.00  |
| pressure test                            | 1    | ls | 275.00   | 275.00    |
| bacteriological testing                  | 1    | ls | 452.00   | 452.00    |
| <b>#23</b>                               |      |    | 0.00     | 0.00      |
| 8" PVC                                   | 340  | lf | 14.50    | 4,930.00  |
| connect to existing 8"                   | 1    | ea | 1,776.00 | 1,776.00  |
| connect to existing 6"                   | 1    | ea | 1,740.00 | 1,740.00  |
| pressure test                            | 1    | ls | 275.00   | 275.00    |
| bacteriological testing                  | 1    | ls | 452.00   | 452.00    |
| <b>#24</b>                               |      |    | 0.00     | 0.00      |
| 6" PVC                                   | 1300 | lf | 11.50    | 14,950.00 |
| 6" gate valve                            | 1    | ea | 706.00   | 706.00    |
| tie to existing 2"                       | 1    | ea | 884.00   | 884.00    |
| tie to existing 6"                       | 1    | ea | 1,740.00 | 1,740.00  |
| pressure test                            | 1    | ls | 275.00   | 275.00    |
| bacteriological testing                  | 1    | ls | 452.00   | 452.00    |
| <b>#25 ? Plans unclear, 1 line or 3?</b> |      |    | 0.00     | 0.00      |
| 8" PVC                                   | 750  | lf | 14.50    | 10,875.00 |
| 8" gate valve                            | 3    | ea | 899.00   | 2,697.00  |
| 2" gate valve                            | 6    | ea | 426.00   | 2,556.00  |
| 8" MJ 90 w/megalugs                      | 6    | ea | 306.00   | 1,836.00  |
| tie to existing 2"                       | 3    | ea | 884.00   | 2,652.00  |
| tie to existing 8"                       | 3    | ea | 1,776.00 | 5,328.00  |
| pressure test                            | 1    | ls | 275.00   | 275.00    |
| bacteriological testing                  | 1    | ls | 452.00   | 452.00    |
| <b>#26</b>                               |      |    | 0.00     | 0.00      |
| 6" PVC                                   | 600  | lf | 11.50    | 6,900.00  |
| 6" gate valve                            | 1    | ea | 706.00   | 706.00    |
| tie to existing 6" Main                  | 2    | ea | 2,416.00 | 4,832.00  |
| pressure test                            | 1    | ls | 275.00   | 275.00    |
| bacteriological testing                  | 1    | ls | 452.00   | 452.00    |
| <b>#27</b>                               |      |    | 0.00     | 0.00      |
| 8" PVC                                   | 400  | lf | 14.50    | 5,800.00  |
| 8" gate valve                            | 4    | ea | 899.00   | 3,596.00  |
| tie to existing main                     | 2    | ea | 2,659.00 | 5,318.00  |
| pressure test                            | 1    | ls | 275.00   | 275.00    |
| bacteriological testing                  | 1    | ls | 452.00   | 452.00    |
| 8" 90                                    | 1    | ls | 305.00   | 305.00    |
| <b>#28</b>                               |      |    | 0.00     | 0.00      |
| 8" PVC                                   | 120  | lf | 14.50    | 1,740.00  |
| 8" gate valve                            | 1    | ea | 899.00   | 899.00    |
| 8" 90 bend                               | 1    | ea | 305.00   | 305.00    |
| pressure test                            | 1    | ls | 275.00   | 275.00    |
| bacteriological testing                  | 1    | ls | 452.00   | 452.00    |
| <b>#29</b>                               |      |    | 0.00     | 0.00      |
| 8" PVC                                   | 200  | lf | 14.50    | 2,900.00  |

St George Island  
Water System  
Change Order #4

|                         |       |    |          |            |
|-------------------------|-------|----|----------|------------|
| 8" gate valve           | 1     | ea | 899.00   | 899.00     |
| 8" 90 bend              | 1     | ea | 635.00   | 635.00     |
| tie to existing 8"      | 1     | ls | 2,659.00 | 2,659.00   |
| <b>#30</b>              |       |    | 0.00     | 0.00       |
| 8" PVC                  | 500   | lf | 14.50    | 7,250.00   |
| 8" gate valve           | 2     | ea | 899.00   | 1,798.00   |
| 2" gate valve           | 4     | ea | 427.00   | 1,708.00   |
| 2" 90 bend              | 4     | ea | 84.00    | 336.00     |
| tie to existing 2"      | 2     | ea | 884.00   | 1,768.00   |
| tie to existing 8"      | 2     | ea | 2,659.00 | 5,318.00   |
| pressure test           | 1     | ls | 275.00   | 275.00     |
| bacteriological testing | 1     | ls | 452.00   | 452.00     |
| <b>#31</b>              |       |    | 0.00     | 0.00       |
| 8" PVC                  | 1000  | lf | 14.50    | 14,500.00  |
| 8" gate valve           | 4     | ea | 899.00   | 3,596.00   |
| 2" gate valve           | 8     | ea | 426.00   | 3,408.00   |
| 2" 90 bend              | 8     | ea | 84.00    | 672.00     |
| tie to existing 2"      | 4     | ea | 884.00   | 3,536.00   |
| tie to existing 8"      | 4     | ea | 2,659.00 | 10,636.00  |
| pressure test           | 1     | ls | 275.00   | 275.00     |
| bacteriological testing | 1     | ls | 452.00   | 452.00     |
| <b>#32</b>              |       |    | 0.00     | 0.00       |
| 8" pvc                  | 11500 | lf | 14.50    | 166,750.00 |
| 8" gate valve           | 2     | ea | 899.00   | 1,798.00   |
| tie to existing main    | 4     | ea | 2,659.00 | 10,636.00  |
| 8 X 8 tee               | 1     | ea | 365.00   | 365.00     |
| pressure test           | 1     | ls | 275.00   | 275.00     |
| bacteriological testing | 1     | ls | 452.00   | 452.00     |
| <b>#33</b>              |       |    | 0.00     | 0.00       |
| 8" PVC                  | 500   | lf | 14.50    | 7,250.00   |
| 8" gate valve           | 2     | ea | 899.00   | 1,798.00   |
| 2" gate valve           | 4     | ea | 427.00   | 1,708.00   |
| 2" 90 bend              | 4     | ea | 84.00    | 336.00     |
| tie to existing 2"      | 2     | ea | 884.00   | 1,768.00   |
| tie to existing 8"      | 2     | ea | 2,659.00 | 5,318.00   |
| bacteriological testing | 1     | ls | 275.00   | 275.00     |
| <b>#34</b>              |       |    | 0.00     | 0.00       |
| 6" PVC                  | 250   | lf | 11.50    | 2,875.00   |
| tie to existing 6"      | 2     | ea | 2,416.00 | 4,832.00   |
| pressure test           | 1     | ls | 275.00   | 275.00     |
| bacteriological testing | 1     | ls | 452.00   | 452.00     |
| <b>#35</b>              |       |    | 0.00     | 0.00       |
| 6" PVC                  | 840   | lf | 11.50    | 9,660.00   |
| tie to existing 6"      | 2     | ea | 2,416.00 | 4,832.00   |
| pressure test           | 1     | ls | 275.00   | 275.00     |
| bacteriological testing | 1     | ls | 452.00   | 452.00     |
| <b>#36</b>              |       |    | 0.00     | 0.00       |
| 6" PVC                  | 1260  | lf | 11.50    | 14,490.00  |
| tie to existing 6"      | 2     | ea | 2,416.00 | 4,832.00   |
| pressure test           | 1     | ls | 275.00   | 275.00     |

St George Island  
Water System  
Change Order #4

|                         |      |    |          |                   |
|-------------------------|------|----|----------|-------------------|
| bacteriological testing | 1    | ls | 452.00   | 452.00            |
| <b>#37</b>              |      |    | 0.00     | 0.00              |
| 6" PVC                  | 760  | lf | 11.50    | 8,740.00          |
| tie to existing 6"      | 2    | ea | 2,416.00 | 4,832.00          |
| pressure test           | 1    | ls | 275.00   | 275.00            |
| bacteriological testing | 1    | ls | 452.00   | 452.00            |
| <b>#38</b>              |      |    | 0.00     | 0.00              |
| 6" PVC                  | 760  | lf | 11.50    | 8,740.00          |
| tie to existing 6"      | 2    | ea | 2,416.00 | 4,832.00          |
| pressure test           | 1    | ls | 275.00   | 275.00            |
| bacteriological testing | 1    | ls | 452.00   | 452.00            |
| <b>Additional Items</b> |      |    |          |                   |
| asphalt replacement     | 500  | sy | 30.00    | 15,000.00         |
| shell or limerock drive | 500  | sy | 18.50    | 9,250.00          |
| concrete replacement    | 4500 | sf | 5.00     | 22,500.00         |
| St. Augustine sod       | 5000 | sf | 0.75     | 3,750.00          |
| landscape shrubs        | 250  | ea | 50.00    | 12,500.00         |
| stub for flush valves   | 50   | ea | 1,270.00 | 63,500.00         |
| flush valve assembly    | 20   | ea | 2,438.00 | 48,760.00         |
| directional drill (40'  | 50   | ea | 1,969.06 | 98,453.00         |
| <b>TOTALS</b>           |      |    |          | <b>972,563.00</b> |

CONTRACT

FOR WATER SYSTEM IMPROVEMENTS

ST. GEORGE ISLAND WATER SYSTEM

THIS AGREEMENT, made and entered into this 17<sup>th</sup> day of September, 2002 by and between:

WATER MANAGEMENT SERVICES, INC., a Florida corporation domiciled at 3848 Killlearn Court, Tallahassee, Florida, herein represented by its undersigned officer, duly authorized by virtue of a resolution of the Board of Directors of said corporation, a certified copy of which is annexed hereto and made a part hereof, hereinafter referred to as "Owner," and

BOH BROS CONSTRUCTION CO., LLC., a Louisiana limited liability company herein represented by its undersigned officer, duly authorized by virtue of a resolution of its Board of Directors, a certified copy of which is annexed hereto and made a part hereof, hereinafter referred to as "Contractor."

WITNESSETH:

WHEREAS, the Owner is engaged in providing water services to St. George Island, Florida;

WHEREAS, the Owner desires that the improvements to the water system be performed so as to meet the requirements of said Owner and also all applicable public agencies in regard thereto;

NOW, THEREFORE, for the consideration and on the terms and conditions of the specifications and contract documents as hereinafter expressed, the said parties do hereby agree and covenant as follows:

ARTICLE I

SCOPE OF THE WORK

The Contractor shall perform the work described in the plans and specifications dated August 25, 2002 prepared by Les Thomas Consulting Engineers, including addenda 1 and 2, a complete copy of which is attached hereto as Composite Exhibit "A" and incorporated by reference herein. Those plans and specifications together with this contract, shall constitute and shall hereafter be referenced as the "Contract Documents." This work includes the installation of a new 12" ductile iron raw water main to be installed on the new St. George Island bridge which is currently being constructed by the Contractor. As set forth in the attached plans and

specifications, this work includes the installation of approximately 16,524 LF of 12" ductile iron water pipe (triple coated and cement lined), including four valves, 32 expansion joints, 1,837 hanger assemblies connecting the new pipe and appurtenances to the new St. George Island bridge. The Owner and the Contractor are now operating under a contract by which the Contractor has agreed to install the bridge deck inserts as the bridge is constructed. That agreement is hereby terminated and incorporated as a part of this contract. The parties acknowledge that the Owner has paid \$47,864.00 of the \$216,528.00 total required under the prior agreement, and that the balance of \$ 168,664.00 will be paid as part of this contract. The Contractor will bend each of the rods holding the pipe hanger assemblies to a vertical position as each hanger assembly is installed to insure that the pipe will hang straight down from the bridge to the surface of the water. After the job is complete and before final payment is made, the Contractor shall "touch-up" all of the paint on the installed pipe so that all of the pipe is restored to the original color and condition it was in when it left the Consolidated plant.

## ARTICLE II

### CONTRACT SUM & PROGRESS PAYMENTS

The Owner shall pay to the Contractor, for the performance of the contract, the lump sum price of One Million, Two Hundred Thirty-three Thousand, Six Hundred Sixty-Four Dollars (\$1,233,664.00), subject to change orders or other modifications as herein provided. This sum shall be paid by the Owner to the Contractor as the work progresses, in periodic installments in accord with the estimates and pay requests as prepared by the Contractor and approved by the Owner and the Owner's engineer, Mr. Les Thomas. These statements for work done shall be presented on or before the 15<sup>th</sup> of each month for work done during the preceding month. After the statement is checked and approved by the Owner and its engineer, the statement shall be paid within thirty (30) days. The failure to make any required payment shall constitute a default of this Contract. These progress payments will be made based upon the certification by the Owner's engineer that the work has been accomplished in accord with the attached plans and specifications. Progress payments may be withheld if: (a) the work is found to be defective and not promptly remedied; (b) the Contractor does not make prompt and proper payments to any and all of its subcontractors; (c) another Contractor is damaged by an act for which the Contractor is responsible; (d) claims or liens are filed on the job based upon the Contractor's work or lack of payment; or (e) in the opinion of the Owner's engineer, the Contractor's work is not progressing satisfactorily.

## ARTICLE III

### MATERIAL AND MAINTENANCE

All of the materials to be installed on the bridge by the Contractor shall be supplied by the Owner. A complete list of those materials is attached as Exhibit "B." The Contractor, in coordination with the Owner's engineer, Mr. Les Thomas, shall be responsible for placing the

orders for the materials from the respective vendors and suppliers to assure that there is a consistent flow of materials to the job site so that the Contractor's progress will not be delayed. When the materials are delivered to the job site, those materials will be inspected by the Contractor and the Owner's engineer to insure that the quality and quantity of the materials is correct and in accord with the shipping invoice from the supplier or vendor, which invoice shall be signed by the Contractor and the Owner's engineer. From the time of such delivery of materials to the job site, the security and maintenance of the materials shall be the responsibility of the Contractor until the job is complete, including final inspection, testing and payment of the final sum due under this contract. If the materials are inadequate to complete the work under this contract because the quantities shown by Exhibit "B" are not sufficient, the Owner will promptly supply any and all materials necessary to complete the work in a timely fashion. If the materials are inadequate because they were lost, stolen, damaged or destroyed after they were delivered to the job site and inspected by the Contractor and the Owners' engineer, the Contractor shall supply the missing materials in a timely fashion so there is no delay in the work. In any event, the Contractor will complete all of the work as described in the contract documents within the time set forth in Article IV below. When and after the job is complete, the materials shall be part of the finished job and shall be the sole responsibility of the owner. The Contractor shall not be required to maintain the finished work of this contract following the acceptance of the work by the Owner.

#### ARTICLE IV

##### BEGINNING AND COMPLETION OF WORK

Work under this contract shall begin immediately after the contract is signed by both parties. The contractor will coordinate with the Owner's engineer to schedule the delivery of the materials so as not to delay the completion of the work. The actual orders for the materials will be placed via a purchase order prepared by the Owner's engineer and signed by the Owner based upon the specific schedule and needs of the Contractor to complete the work in a timely fashion. In any event, all of the work shall be completed, inspected and tested, as provided by Article V below, within thirty (30) days after the new St. George Island bridge is completed by the Contractor. The intent and purpose of this provision is to insure that the Owner's new water line will be available to transport raw water to St. George Island prior to the time that Boh Bros. starts to tear down the old bridge pursuant to the contract between the Contractor and the Florida Department of Transportation.

#### ARTICLE V

##### INSPECTION AND TESTING

The work shall be inspected by the Owner, the Owner's engineer and all the various agencies having jurisdiction over each type of work to be performed. The Contractor will pressure test the line to insure that there are no leaks at 200 p.s.i., and the Contractor will sterilize

the line to make sure it will pass inspection by the Florida Department of Environmental Protection and any other agencies having jurisdiction of the matter. All bacteriological tests required by any governmental agencies having jurisdiction of the work shall be the responsibility of the Contractor and shall be paid for by the Contractor.

## ARTICLE VI

### CERTIFICATE OF COMPLETION AND FINAL PAYMENT

The Contractor shall notify the Owner and its engineer in writing when the work is completed. Within ten (10) days after receipt of such notice, the engineer shall inspect the work and, if the work is satisfactory, shall issue a final certificate stating that he has accepted the work as fully performed under the terms of the contract and that the final payment, consisting of the entire balance of the contract price, is due to the Contractor. The Owner shall make the final payment within thirty (30) days after the issuance of such a certificate, subject to the condition that final payment shall not be due until the contractor has delivered to the Owner a complete release of all liens arising out of this contract, or in the alternative a bond satisfactory to the Owner indemnifying the Owner against such liens.

- The Owner by making final payment waives all claims except those arising out of
- (a) Faulty work appearing after the engineer's certificate of completion has been granted;
  - (b) Work that does not comply with the Contract Documents;
  - (c) Outstanding claims of lien; or
  - (d) Failure of the Contractor to comply with any special guarantees required by the

Contract Documents.

The Contractor, by accepting final payment, waives all claims except those which it has previously made in writing, and which remain unsettled at the time of acceptance.

## ARTICLE VII

### INSURANCE

(a) Contractor's Liability Insurance. The contractor agrees to pay for and keep in force during the entire period of construction on the project such liability insurance as will protect it from claims, under workers' compensation and other employee benefit laws, for bodily injury and death, and for property damages, that may arise out of work under this contract, whether directly or indirectly by the contractor, or directly or indirectly by a subcontractor. The minimum liability limits of such insurance shall not be less than the limits specified in the contract documents or by law for that type of damage claim. Such insurance shall include contractual liability insurance applicable to the contractor's obligations under this contract. Proof of such insurance shall be filed by the contractor with the owner within a reasonable time after execution of this contract.



(b) Owner's Liability Insurance. The owner agrees to maintain in force its own liability insurance during the construction on this project, and reserves the right to purchase such additional insurance as in its opinion is necessary to protect it against claims arising out of the contractor's operation, without diminishing contractor's obligation to carry the insurance required by this agreement.

(c) Property Damages Insurance on Work Site. The owner agrees to maintain at its expense during the construction of the project property damages insurance on the work at the site to its full insurable value, including interests of the owner, contractor, and subcontractors, against fire, vandalism, and other perils ordinarily included in extended coverage. Losses under such insurance will be adjusted with and made payable to the owner as trustee for the parties insured as their interests appear. The owner shall file a copy of all such policies with the contractor within a reasonable time after construction begins. *CONTRACTOR SHALL BE NAMED AS ADDITIONAL INSURED. ASB*

(d) Waiver of Work Site Property Damage Claims to Extent of Insurance Coverage. The owner and contractor waive all claims against each other for fire damage or damages from other perils covered by insurance provided in subdivision (c) of this section. The contractor agrees to obtain waivers of such claims by all subcontractors.

(e) The Contractor and its insurer shall indemnify and save harmless the Owner and all of its officers, agents, including the Owner's engineer, and employees from all suits, actions or claims of any character, name and description brought for or on account of any injuries or damages received or sustained by any person or persons or property, on account of any negligence of the Contractor, its agents or employees, in the execution of said contract work.

## ARTICLE VIII

### PERFORMANCE BOND

The Contractor shall furnish a surety bond payable to Owner in a sum not less than that payable under this contract, as set forth in the Contract Documents, for the faithful performance of this contract, and each and all of its stipulations and agreements, and for the payment of all persons furnishing labor and services in the work covered by this contract.

## ARTICLE IX

### SUBCONTRACTS

The Contractor may subcontract any and all portions of this contract. The Contractor is not required to subcontract to any Disadvantaged Business Enterprise.

The Contractor agrees to provide to the Owner prior to the execution of this contract, a list of names of subcontractors to whom the contractor proposes to award the principal portions of the work to be subcontracted. A subcontractor, for the purposes of this contract, shall be a person with whom the Contractor has a direct contract for work at the project site. The Contractor agrees not to employ a subcontractor to whose employment the engineer or Owner reasonably objects, nor shall the Contractor be required to hire a subcontractor to whose employment the Contractor reasonably objects. All contracts between the Contractor and subcontractor shall conform to the provisions of the Contract Documents, and shall have incorporated in them the relevant provisions of this contract.

## ARTICLE X

### CORRECTING WORK

When it appears to the Contractor during the course of construction that any work does not conform to the provisions of the Contract Documents, it shall make necessary corrections so that such work will so conform, and in addition will correct any defects caused by faulty equipment or workmanship in work supervised by it or by a subcontractor, appearing within one year from the date of issuance of a certificate of substantial completion, or within such longer period as may be prescribed by law or as may be provided for by applicable special guarantees in the Contract Documents.

## ARTICLE XI

### WORK CHANGES

The Owner reserves the right to order work changes in the nature of additions, deletions, or modifications, without invalidating the contract, and agrees to make corresponding adjustments in the contract price and time of termination. All changes will be authorized by a written change order signed by the Owner or by the Owner's engineer. The change order will include conforming changes in the contract and termination time.

Work shall be changed, and the contract price and termination time shall be modified only as set out in the written change order. Any adjustment in the contract sum resulting in a credit or a change to the Owner shall be determined by mutual agreement of the parties, or by arbitration, before starting the work involved in the change.

## ARTICLE XII

### DESIGNATION OF ENGINEER; DUTIES AND AUTHORITY

The engineer for this project is Les Thomas, located at 10017 Leafwood Drive, Tallahassee, FL 32312. The duties and authority of the engineer are designated as follows:

(a) General Administration of Contract. The primary function of the engineer is to provide the general administration of the contract. In performing these duties, the engineer is the Owner's representative during the entire period of construction.

(b) Inspections, Opinions, and Progress Reports. The engineer shall stay familiar with the progress and quality of the work by making periodic visits to the work site and will make general determinations as to whether the work is proceeding in accordance with the contract. The engineer will keep the Owner informed of the progress and will use his best efforts to protect the Owner from defects and deficiencies in the work. The engineer will not be responsible for the means of construction, or for the sequences, methods, and procedures used, or for the contractor's failure to perform the work in accordance with the Contract Documents.

(c) Access to Work Site for Inspections. The engineer shall be given free access to the work at all times during its preparation and progress. However, the engineer is not required to make exhaustive or continuous on-site inspections to perform the duties of checking and reporting on work progress.

(d) Interpretation of Contract Documents; Decisions on Disputes. The engineer will be the initial interpreter of the Contract Documents and make primary decision on claims and disputes between the Contractor and Owner.

(e) Rejection and Stoppage of Work. The engineer is authorized to reject work which in his opinion does not conform to the contract documents, and in this connection to stop the work or a portion of it, when necessary.

(f) Progress Payment Certificates. The engineer will determine the amounts owing to the Contractor as the work progresses, based on the Contractor's applications and the engineer's inspections and observations, and will issue certificates for progress payments and final payment in accordance with this agreement.

### ARTICLE XIII

#### DUTIES AND RIGHTS OF OWNER

The Owner shall give all instructions to the Contractor through the engineer, and shall furnish all necessary plans and directives for the work.

The Owner reserves the right to let other contracts in connection with the project. The Contractor shall cooperate with all other contractors so that their work shall not be impeded by its construction, and shall give them access to the work site as is necessary to perform their contracts.

### ARTICLE XIV

#### DUTIES AND RIGHTS OF CONTRACTOR

The Contractor's duties and rights in connection with the project are as follows:

(a) Responsibility for the Supervision of Construction. The Contractor shall be solely responsible for all construction under this contract, including the techniques, sequences, procedures, and means, and for coordination of all work. It shall supervise and direct the work the best of its ability, and give the work all attention necessary for such proper supervision and direction.

(b) Discipline and Employment. The contractor shall maintain at all times strict discipline among its employees, and agrees not to employ for work on the project any person unfit or without sufficient skill to perform the job for which that person was employed.

(c) Furnishing of Labor, Materials, Etc. The Contractor shall provide and pay for all labor and equipment, including tools, construction equipment, and machinery, utilities, including transportation, and all other facilities and services necessary for the proper completion of work on the project in accordance with the Contract Documents, using the materials supplied by the Owner.

(d) Payment of Taxes; procurement of Licenses and Permits. The Contractor shall pay all taxes required by law in connection with work on the project in accordance with this contract including sales, use and similar taxes, and shall secure and pay the fees for all licenses and permits necessary for proper completion of the work.

(e) Compliance with Construction Laws and Regulations. The Contractor shall comply with all laws and ordinances, and the rules, regulations, or orders of all public authorities relating to the performance of the work. If any of the Contract Documents are at variance with any of such requirements, the Contractor shall notify the engineer promptly on discovery of the variance.

(f) Responsibility for Negligence of Employees and Subcontractors. The Contractor agrees to assume full responsibility for acts, negligence, or omissions of all of its employees on the project, for those of its subcontractors and their employees, and for those of all other persons doing work under a contract with it.

(g) Clean-up. The Contractor agrees to keep the work premises and adjoining ways free of waste material and rubbish caused by its work or that of its subcontractors. The Contractor further agrees to remove all waste material and rubbish on termination of the project, together with all its tools, equipment, machinery and surplus materials. It agrees, on terminating its work at the site, to conduct general clean-up operations, including the cleaning of all glass surfaces, paved streets and walks, steps, and interior floors and walls.

(h) Indemnity and Hold Harmless Agreement. The Contractor agrees to indemnify and hold harmless the Owner and engineer, and their agents and employees, from and against all claims, damages, losses, and expenses, including reasonable attorneys' fees in case it shall be necessary to file an action, arising out of performance of the work, which are (1) for bodily injury, illness, or death, or for property damage, including loss of use, and (2) to the extent caused in whole or in part by the Contractor's negligent act or omission, or that of a subcontractor, or that of anyone employed by them or for whose acts the Contractor or subcontractor may be liable.

This agreement to indemnify and hold harmless is not applicable to liability of the engineer, or that of the engineer's agents or employees, arising out of the preparation or approval of reports, opinions, surveys, maps, drawings, designs, or specifications, or out of their giving or failing to give instruction, which giving or failure to give is the primary cause of the injury or damages.

(i) Payment of Royalties and License Fees; Hold Harmless Agreement. The Contractor agrees to pay all royalties and license fees necessary for the work, and to defend all actions and settle all claims for infringement of copyright or patent rights, and to save the owner harmless in such actions or claims.

(j) Safety Precautions and Programs. The Contractor has the duty of providing for and overseeing all safety orders, precautions, and programs necessary to the reasonable safety of the work. In this connection, it shall take reasonable precautions for the safety of all work employees and other persons whom the work might effect, all work and materials incorporated in the project, and all property and improvements on the construction site and adjacent to it, complying with all applicable laws, ordinances, rules, regulations and orders.

## ARTICLE XV

### TIME OF ESSENCE; EXTENSION OF TIME; AND TERMINATION

All times stated in this agreement or in the contract documents are of the essence to the contract:

(a) Extension of Time. The contract times may be extended by a change order from the engineer for such reasonable time as he may determine, when in the engineer's opinion the contractor is delayed in work progress by changes ordered, labor disputes, fire, prolonged transportation delays, injuries, or other causes beyond the contractor's control or which justify the delay.

(b) Owner's Termination. The Owner may, on one week's written notice to the Contractor, terminate this contract before the termination date without prejudice to any other remedy the Owner may have, when the contractor is in substantial default of the contract or fails to carry out the construction in accordance with the provisions of the Contract Documents. On such termination, the Owner may take possession of the work site and all materials, equipment, tools and machinery on it and finish the work in whatever may he deems expedient. If the unpaid balance on the contract sum at the time of such termination exceeds the expense of finishing the work, the Owner will pay such excess to the Contractor. If the expense of finishing the work exceeds the unpaid balance at the time of termination, the Contractor agrees to pay the difference to the Owner.

On such default by the Contractor, the Owner may elect not to terminate the contract, and in such event the Owner may make good the deficiency which the default has caused, and deduct the cost from the progress payment then or to become due to the Contractor.

(c) Delays Beyond Control of Contractor. The Contractor shall not be held responsible for any delay in the completion of the work herein undertaken beyond the time required by the project scheduled, which delay is caused by strikes, lockouts, intervention of war, fire, flood or force majeure beyond the control of the Contractor that will prevent or interfere with the performance of the work. However, in any event, the Contractor is responsible for completing the work including testing, prior to removal of the existing bridge, including the DEP letter to place the water line in service.

EXCEPT as herein specifically amended, the Construction Contract shall remain in full force and effect in accordance with all of the terms and provisions thereof.

THUS DONE AND SIGNED in Florida and in Louisiana, on the dates set forth below in the presence of the undersigned competent witnesses, o hereunto sign their names, in multiple originals.

WITNESSES:

Andrea M. Chase  
Mari Hanc Gannett

WATER MANAGEMENT SERVICES, INC.

By: Gene D. Brown  
Gene D. Brown, as its President

Date: 9-13-02

Margaret A. Samere  
Carol S. Walter

BOH BROS. CONSTRUCTION CO., LLC.

By: Robert S. Boh  
Robert S. Boh, President

Date: 9-17-02

EXHIBIT "A" CONSISTS OF THOSE CERTAIN PLANS AND SPECIFICATIONS DATED AUGUST 25, 2002 PREPARED BY LES THOMAS CONSULTING ENGINEERS, INCLUDING ADDENDA 1 AND 2, WHICH ARE HEREBY INCORPORATED BY REFERENCE AS A PART OF THIS CONTRACT.

*LES THOMAS CONSULTING ENGINEERS*

*10017 Leafwood Dr.  
850-562-1810*

*Tallahassee, Fl.  
fax 850-562-9741*

Mr. Gene Brown  
Water Management Services, Inc.  
3848 Killearn Court  
Tallahassee, Fl. 32308

September 10, 2002

RE: Quantity of materials to be installed by BOH Bros. For New 12" Water Main on New DOT Bridge  
Water Management Services Inc.

Dear Mr. Brown,

Presented herein is our estimate of the probable quantity of materials to be installed by BOH Bros in on the new DOT Bridge.

- A. 16,516 lf of triple coated 12" DI water main. This will be provided as:  
887 each - 18' +/- sections, 32 each 6' - 9" bell x flange pieces and 32 each 6' - 9" spigot x flange pieces.
- B. 32 EBBA 12" 212F2 Extend expansion joints, flanged complete with 316 SS nuts washers and bolts and triple coated.
- C. 1837 hangers and inserts which include double rollers, hanger rods nuts washers all 316 SS
- D. 7 - ½" GA industries model 905 air release valves, complete with 12" x ½" JCM tap saddle, ½" x 3" ss nipple, and ½" ss milw ball valve.



Les M. Thomas, P.E., C.V.S.  
Owner



# Fidelity and Deposit Company

HOME OFFICE OF MARYLAND BALTIMORE, MD. 21203

## Performance Bond

Any singular reference to Contractor, Surety, Owner or other party shall be considered plural where applicable.

**CONTRACTOR (Name and Address):**

Boh Bros. Construction Co., LLC  
730 South Tonti Street  
New Orleans, LA 70119

**SURETY Fidelity and Deposit Company of Maryland**

P.O. Box 1227  
Baltimore, Maryland 21203

Zurich American Insurance Company  
One Liberty Plaza, [30th Floor]  
New York, New York 10006

**OWNER (Name and Address):**

Water Management Services, Inc.  
3848 Killearn Court  
Tallahassee, Florida

**CONSTRUCTION CONTRACT**

Date:

Amount: \$1,233,664.00

Description (Name and Location): For Water System Improvements St. George Island Water System

**BOND**

Date (Not earlier than Construction Contract Date):

Amount: \$1,233,664.00

Modifications to this Bond:

None

See Page 3

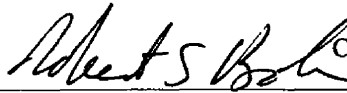
**CONTRACTOR AS PRINCIPAL**

Company: Boh Bros. Construction Co., LLC

**SURETY**

Company: Fidelity and Deposit Company of Maryland

Signature:

 Corporate Seal

Name and Title: Robert S. Boh, President

Signature:

 Corporate Seal

Name and Title: Margaret A. Lamere, Attorney-in-Fact

(Any additional signatures appear on page 3)

(FOR INFORMATION ONLY—Name, Address and Telephone)

**AGENT or BROKER:**

Willis of Louisiana, Inc.  
650 Poydras Street, Suite 1600  
New Orleans, Louisiana 70130

**OWNER'S REPRESENTATIVE (Architect, Engineer or other party):**

1 The Contractor and the Surety, jointly and severally, bind themselves, their heirs, executors, administrators, successors and assigns to the Owner for the performance of the Construction Contract, which is incorporated herein by reference.

2 If the Contractor performs the Construction Contract, the Surety and the Contractor shall have no obligation under this Bond, except to participate in conferences as provided in Subparagraph 3.1.

3 If there is no Owner Default, the Surety's obligation under this Bond shall arise after:

3.1 The Owner has notified the Contractor and the Surety at its address described in Paragraph 10 below that the Owner is considering declaring a Contractor Default and has requested and attempted to arrange a conference with the Contractor and the Surety to be held not later than fifteen days after receipt of such notice to discuss methods of performing the Construction Contract. If the Owner, the Contractor and the Surety agree, the Contractor shall be allowed a reasonable time to perform the Construction Contract, but such an agreement shall not waive the Owner's right, if any, subsequently to declare a Contractor Default; and

3.2 The Owner has declared a Contractor Default and formally terminated the Contractor's right to complete the contract. Such Contractor Default shall not be declared earlier than twenty days after the Contractor and the Surety have received notice as provided in Sub-paragraph 3.1; and

3.3 The Owner has agreed to pay the Balance of the Contract Price to the Surety in accordance with the terms of the Construction Contract or to a contractor selected to perform the Construction Contract in accordance with the terms of the contract with the Owner.

4 When the Owner has satisfied the conditions of Paragraph 3, the Surety shall promptly and at the Surety's expense take one of the following actions:

4.1 Arrange for the Contractor, with consent of the Owner, to perform and complete the Construction Contract; or

4.2 Undertake to perform and complete the Construction Contract itself, through its agents or through independent contractors; or

4.3 Obtain bids or negotiated proposals from qualified contractors acceptable to the Owner for a contract for performance and completion of the Construction Contract, arrange for a contract to be prepared for execution by the Owner and the contractor selected with the Owner's concurrence, to be secured with performance and payment bonds executed by a qualified surety equivalent to the bonds issued on the Construction Contract, and pay to the Owner the amount of damages as described in Paragraph 6 in excess of the Balance of the Contract Price incurred by the Owner resulting from the Contractor's default; or

4.4 Waive its right to perform and complete, arrange for completion, or obtain a new contractor and with reasonable promptness under the circumstances:

.1 After investigation, determine the amount for which

it may be liable to the Owner and, as soon as practicable after the amount is determined, tender payment therefor to the Owner; or

.2 Deny liability in whole or in part and notify the Owner citing reasons therefor.

5 If the Surety does not proceed as provided in Paragraph 4 with reasonable promptness, the Surety shall be deemed to be in default on this Bond fifteen days after receipt of an additional written notice from the Owner to the Surety demanding that the Surety perform its obligations under this Bond, and the Owner shall be entitled to enforce any remedy available to the Owner. If the Surety proceeds as provided in Subparagraph 4.4, and the Owner refuses the payment tendered or the Surety has denied liability, in whole or in part, without further notice the Owner shall be entitled to enforce any remedy available to the Owner.

6 After the Owner has terminated the Contractor's right to complete the Construction Contract, and if the Surety elects to act under Subparagraph 4.1, 4.2, or 4.3 above, then the responsibilities of the Surety to the Owner shall not be greater than those of the Contractor under the Construction Contract, and the responsibilities of the Owner to the Surety shall not be greater than those of the Owner under the Construction Contract. To the limit of the amount of this Bond, but subject to commitment by the Owner of the Balance of the Contract Price to mitigation of costs and damages on the Construction Contract, the Surety is obligated without duplication for:

6.1 The responsibilities of the Contractor for correction of defective work and completion of the Construction Contract;

6.2 Additional legal, design professional and delay costs resulting from the Contractor's Default, and resulting from the actions or failure to act of the Surety under Paragraph 4; and

6.3 Liquidated damages, or if no liquidated damages are specified in the Construction Contract, actual damages caused by delayed performance or non-performance of the Contractor.

7 The Surety shall not be liable to the Owner or others for obligations of the Contractor that are unrelated to the Construction Contract, and the Balance of the Contract Price shall not be reduced or set off on account of any such unrelated obligations. No right of action shall accrue on this Bond to any person or entity other than the Owner or its heirs, executors, administrators or successors.

8 The Surety hereby waives notice of any change, including changes of time, to the Construction Contract or to related sub-contractors, purchase orders and other obligations.

9 Any proceeding, legal or equitable, under this Bond may be instituted in any court of competent jurisdiction in the location in which the work or part of the work is located and shall be instituted within two years after Contractor Default or within two years after the Contractor ceased working or within two years after the Surety refuses or fails to perform its obligations under this Bond, whichever occurs first. If the provisions of this Paragraph are void or prohibited by law, the minimum period of limitation available to sureties as a defense in the jurisdiction

shall be applicable.

10 Notice to the Surety, the Owner or the Contractor shall be mailed or delivered to the address shown on the signature page.

11 When this Bond has been furnished to comply with a statutory or other legal requirement in the location where the construction was to be performed, any provision in this Bond conflicting with said statutory or legal requirement shall be deemed deleted herefrom and provisions conforming to such statutory or other legal requirement shall be deemed incorporated herein. The intent is that this Bond shall be construed as a statutory bond and not as a common law bond.

**12 DEFINITIONS**

12.1 Balance of the Contract Price: The total amount payable by the Owner to the Contractor under the Construction Contract after all proper adjustments have been made, including allowance to the Contractor of any amounts

received or to be received by the Owner in settlement of insurance or other claims for damages to which the Contractor is entitled, reduced by all valid and proper payments made to or on behalf of the Contractor under the Construction Contract.

12.2 Construction Contract: The agreement between the Owner and the Contractor identified on the signature page, including all Contract Documents and changes thereto.

12.3 Contractor Default: Failure of the Contractor, which has neither been remedied nor waived, to perform or otherwise to comply with the terms of the Construction Contract.

12.4 Owner Default: Failure of the Owner, which has neither been remedied nor waived, to pay the Contractor as required by the Construction Contract or to perform and complete or comply with the other terms thereof.

**MODIFICATIONS TO THIS BOND ARE AS FOLLOWS:**

(Space is provided below for additional signatures of added parties, other than those appearing on the cover page.)

**CONTRACTOR AS PRINCIPAL**

Company: \_\_\_\_\_ (Corporate Seal)

**SURETY: Zurich American Insurance Company**

Company: \_\_\_\_\_ (Corporate Seal)

Signature: \_\_\_\_\_  
Name and Title:  
Address:

Signature: Margaret A. Lamere  
Name and Title: Margaret A. Lamere, Attorney-in-Fact  
Address: One Liberty Plaza, [30th Floor]  
New York, New York 10006

**Power of Attorney**  
**FIDELITY AND DEPOSIT COMPANY OF MARYLAND**  
**HOME OFFICE: P.O. BOX 1227, BALTIMORE, MD 21203-1227**

Know ALL MEN BY THESE PRESENTS: That the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, a corporation of the State of Maryland, by F. L. BORLEIS, Vice-President, and T. C. JOHNSON, Assistant Secretary, in pursuance of authority granted by Article VI, Section 2, of the By-Laws of said Company, which are set forth on the reverse side hereof and are hereby certified to be in full force and effect on the date hereof, does hereby nominate, constitute and appoint Warren Perkins and Margaret A. Lamere, both of New Orleans, Louisiana, EACH its true and lawful agent and Attorney-in-Fact, to make, execute, seal and deliver, for and on its behalf as surety, and as its act and deed: any and all bonds and undertakings and the execution of such bonds or undertakings in pursuance of these presents, shall be as binding upon said Company, as fully and amply to all intents and purposes, as if they had been duly executed and acknowledged by the regularly elected officers of the Company at its office in Baltimore, Md., in their own proper persons. This power of attorney revokes that issued on behalf of Warren Perkins, dated November 16, 1999.

The said Assistant Secretary does hereby certify that the extract set forth on the reverse side hereof is a true copy of Article VI, Section 2, of the By-Laws of said Company, and is now in force.

IN WITNESS WHEREOF, the said Vice-President and Assistant Secretary have hereunto subscribed their names and affixed the Corporate Seal of the said FIDELITY AND DEPOSIT COMPANY OF MARYLAND, this 3rd day of August, A.D. 2000.

ATTEST:

**FIDELITY AND DEPOSIT COMPANY OF MARYLAND**



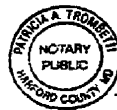
*T. C. Johnson*  
\_\_\_\_\_  
T. C. Johnson                      Assistant Secretary

By: *F. L. Borleis*  
\_\_\_\_\_  
F. L. Borleis                      Vice-President

State of Maryland }  
County Of Harford } ss:

On this 3rd day of August, A.D. 2000, before the subscriber, a Notary Public of the State of Maryland, duly commissioned and qualified, came F. L. BORLEIS, Vice-President and T. C. JOHNSON, Assistant Secretary of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, to me personally known to be the individuals and officers described in and who executed the preceding instrument, and they each acknowledged the execution of the same, and being by me duly sworn, severally and each for himself deposed and saith, that they are the said officers of the Company aforesaid, and that the seal affixed to the preceding instrument is the Corporate Seal of said Company, and that the said Corporate Seal and their signatures as such officers were duly affixed and subscribed to the said instrument by the authority and direction of the said Corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal the day and year first above written.



*Patricia A. Trombetti*  
\_\_\_\_\_  
Patricia A. Trombetti                      Notary Public  
My Commission Expires: October 9, 2002

**ZURICH AMERICAN INSURANCE COMPANY**

One Liberty Plaza, 30th Floor, New York, New York, 10006

**POWER OF ATTORNEY**

KNOW ALL MEN BY THESE PRESENTS that the ZURICH AMERICAN INSURANCE COMPANY, a corporation created by and existing under the laws of the State of New York with its Executive Offices located in Schenectady, New York, does hereby nominate, constitute and appoint Warren Perkins and Margaret A. Lamere, both of New Orleans, Louisiana, EACH, its true and lawful Attorneys-in-Fact with power and authority hereby conferred to sign, seal and execute in its behalf during the period beginning with the date of issuance of this Power Any and all bonds, undertakings, recognizances or other written obligations in the nature thereof, and to bind ZURICH AMERICAN INSURANCE COMPANY, thereby, and all of the acts of said Attorneys-in-Fact pursuant to these presents are hereby ratified and confirmed. This Power of Attorney is made and executed pursuant to and by the authority of the following By-Law duly adopted by the Board of Directors of the Company which By-Law has not been amended or rescinded:

Article VI, Section 5. The President or a Vice-President in a written instrument attested by a Secretary or an Assistant Secretary may appoint any person Attorney-in-Fact with authority to execute surety bonds on behalf of the Company and other formal underwriting contracts in reference thereto and re-insurance agreements relating to individual policies and bonds of all kinds and attach the corporate seal. Any such officers may revoke the powers granted to any Attorney-in-Fact.

IN WITNESS WHEREOF the ZURICH AMERICAN INSURANCE COMPANY has caused these presents to be executed in its name and on its behalf and its Corporate Seal to be hereunto affixed and attested by its officers thereunto duly authorized, this 6th day of September, A.D. 2000.

**WARNING:** This Power of Attorney is printed on paper that deters unauthorized copying or forgery.

**ZURICH AMERICAN INSURANCE COMPANY**

STATE OF ILLINOIS  
COUNTY OF COOK

*David A. Bowers* Secretary      *Donald H. Haveler* Vice President

On the 6th day of September, A.D. 2000, before me the subscriber a Notary Public of the State of Illinois and County of Cook, duly Notary Public, commissioned and qualified, came the above named vice president and secretary of ZURICH AMERICAN INSURANCE COMPANY, to me personally known to be the individuals and officers described in and who executed the preceding instrument and they each acknowledged the execution of the same and being by me duly sworn they severally and each for himself deposed and said that they respectively hold the offices in said Corporation as indicated, that the Seal affixed to the preceding instrument is the Corporate Seal of said Corporation, and that the said Corporate Seal and their respective signature as such officers, were duly affixed and subscribed to the said instrument pursuant to all due corporate authorization.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal the day and year first above



*Barbara A. Stevens* Notary Public  
My Commission Expires August 12, 2003

This Power of Attorney limits the acts of those named therein to the bonds and undertakings specifically named therein, and they have no authority to bind the Company, except in the manner and to the extent hereinafter stated.

# PLAN CHANGE

**WATER MANAGEMENT SERVICES, INC.**  
3848 Killearn Court  
Tallahassee, Florida

No.: 1  
Date: September 17, 2002

**Project: Water System Improvements at St. George Island Bridge**

**Boh Bros. Construction Co., LLC**  
P.O. Box 53266  
New Orleans, Louisiana 70153

**Description:** Provide new electrical service starting at a new meter socket on the utility pole running underground to a new 400 amp disconnect on the outside of the building. Furnish all new electrical equipment in the new electrical room and relocate all of the existing electrical equipment for four (4) high service pumps, two (2) chlorine booster pumps, and the Set-Point Control Panels for the High Service Pumps.

**Cost:** \$69,611.00

**Additional Time:** Zero (0) days

**Original Contract Amount:** \$1,233,664.00  
**Plan Change – No. 1** 69,611.00

**New Contract Amount:** \$1,303,275.00

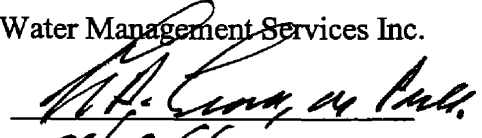
ACCEPTED: Boh Bros. Const. Co., LLC

APPROVED: Water Management Services Inc.

BY:



BY:



DATE:

9-17-2002

DATE:

9/18/02

## PLAN CHANGE

**WATER MANAGEMENT SERVICES, INC.**  
**3848 Killearn Court**  
**Tallahassee FL**

**No. 2**  
**Date: April 9, 2003**

**Project: Water System Improvements at St. George Island Bridge**

**Boh Bros. Construction Co., LLC**  
**P.O. Box 53266**  
**New Orleans, Louisiana 70153**

**Description:** Subcontract the water plant improvements, water distribution system improvements and construction of the water storage tank as required by Water Management Services. Water Management Services releases Boh Bros. from any and all liability for the materials, workmanship, and performance of the subcontractor's work. Water Management Services agrees to save and indemnify and keep harmless Boh Bros. against all liability, claims, demands or judgments for damages arising from accidents to persons or property occasioned by each subcontractor, his agents or employees working on the project. Water Management Services will defend any and all suits brought against Boh Bros. on account of any such accidents, and will pay any judgments rendered in such suits, and will reimburse and indemnify Boh Bros. for all expenditures and expenses incurred by reason of such accidents. Subcontractors selected by Water Management Services for the improvements will be required to carry and provide evidence of insurance required by Boh Bros. Subcontractors selected by Water Management Services for the improvements will be required to adhere to all federal, state and county laws and regulations including, but not limited to, environmental permits, equal employment opportunities, and safety.

All other conditions of the original contract remain the same with the exception of schedule and completion. Boh Bros. is not responsible for the completion schedule. This work is independent of the schedule, completion and installation of the waterline on the new St. George Island Bridge. Boh Bros. shall not be required to furnish a performance bond; however, Water Management Services may require selected subcontractors to furnish a performance bond at no additional cost to Boh. Bros.

Retainage shall not be withheld from Boh Bros.' invoices.

This change order is based upon Boh Bros.' April 7, 2003 proposal.



**PLAN CHANGE**

**WATER MANAGEMENT SERVICES, INC.  
3848 Killearn Court  
Tallahassee FL.**

**No. 2  
Date: April 9, 2003**

**Project: Water System Improvements at St. George Island Bridge**

**Boh Bros. Construction Co., LLC  
P.O. Box 53266  
New Orleans, Louisiana 70153**

**Cost: \$1,077,450.00**

**Additional Time: As Required**

**Original Contract Amount: \$1,233,664.00  
Plan Change – No. 1 69,611.00  
Plan Change – No. 2 1,150,829.00**

**New Contract Amount: \$2,454,104.00**

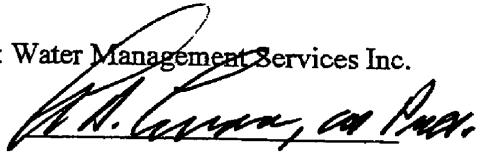
ACCEPTED: Boh Bros. Const. Co., LLC

APPROVED: Water Management Services Inc.

BY:



BY:



DATE:

4/14/03

DATE:

April 14, 03



**Boh Bros. Change Order #2 - Schedule of Work**

|   |                       |
|---|-----------------------|
| 17,700 feet of 6" x 8" plus appurtenances:                                | \$385,079.00          |
| New 200,000 gal. elevated water tank                                      | \$385,000.00          |
| Water Plant improvements to accommodate increased pumping and electrical: | \$268,917.00          |
| Emergency Generator:  | <u>\$ 38,454.00</u>   |
|   | <b>\$1,077,450.00</b> |
| Contractors markup and insurance:   | \$ 73,379.00          |
| <b>Total change order:</b>  | <b>\$1,150,829.00</b> |

**Exhibit "A"**

  
Gene Brown

  
Al Flettrich

# LES THOMAS CONSULTING ENGINEERS

10017 Leafwood Dr.  
850-562-1810

LThomasPE@AOL.COM

Tallahassee, FL  
fax 850-562-9741

Mr. Gene Brown  
Water Management Services, Inc.  
3848 Killearn Court  
Tallahassee, Fl. 32308

July 7, 2003

RE: DW1901-010 St. George Island Water System Transmission & Treatment Improvements

Dear Mr. Brown:

The following is presented in response to the questions of the Public Service Commission.

1. **The fire flow portion of this project consists of :**

|  | <u>Contract Price</u> |
|--|-----------------------|
| A. A new 200,000 gallon Elevated Water Tank<br>This element will provide the system with additional Finished Water Supply to the distribution system.  | \$411,220             |
| B. A new emergency generator<br>This element replaces a smaller generator, which will be used at Well #4, To provide uninterrupted electrical service to the system.   | \$41,073              |
| C. 17,700 LF of new 6" and 8" PVC water mains<br>These water mains are being installed at various locations, determined by a fire flow hydraulic analysis, to increase the system capacity and its Pressure thereby providing additional water for fire flow. Fire hydrants are also being installed.  | \$411,305             |
| D. Portion of Water Plant Improvements Related To Fire Flow<br>To accommodate increased pumping and electrical requirements: provides for the expansion and reconfiguration of the existing water plant including:<br>1. A new electrical room,<br>2. A new generator room to accommodate the new generator;<br>3. A new chlorinator room;<br>4. A new spare parts room.<br>5. A new roof for the expanded building. | \$164,188             |

**Total Cost for Fire Protection**

**\$1,027,786\***

\* Prices include materials and installation and contractor mark-up of 6.8%

WMSI contacted the Florida Department of Environmental Protection (FDEP is lending WMSI the money to construct the project) and requested that the project be expanded to improve the Water Systems hydraulic capability which would improve the systems Fire Protection capability. FDEP approved the additional work and WMSI proceeded to solicit proposals from the two contractors - Blankenship (who had been previously selected through a public Bid process as the low bidder and was under contract at this time with WMSI for bridge pipeline work and plant work) and BOH BROS. BOH BROS gave the lowest quote and a change order was issued for the above work.


Accordingly, WMSI selected BOH BROS to perform the work and thence pursued further negotiations with BOH BROS to complete the new line work and the other work listed above necessary for the project.

| 2. Schedule of Work remaining (all work is underway) | Estimated Completion Dates |
|--|----------------------------|
| A. A new 200,000 gallon Elevated Water Tank          | December 2003              |
| B. A new emergency generator                         | September 2003             |
| C. 17,700 LF of New 6" and 8" PVC water mains        | December 2003              |
| D. Water Plant Improvements                          | December 2003              |

3. This project is not replacing any existing service mains. All new pipe is PVC . The new pipe is for new mains which will significantly improve the system hydraulics and fire flow along with new fire hydrants.

4. This project is not replacing any existing service lines.

If I may be of further assistance, please do not hesitate to call.

Sincerely, 

Les M. Thomas, P.E., C.V.S.

WMSI - CWIP - Supply Main Project  
 Recap by Vendor - Actual Costs through 2002 and Estimated Costs through Completion (October, 2003)  
 Estimate to Complete  
 Cost of Fire Protection  
 Detailing Engineering & Administrative Overheads

Schedule 2  
 5/14/03

07/10/2003

Approved Supply Main Project

|                 |  | 2000       | 2001       | 2002         | Totals thru 2002 | Remaining | Proj. Total | Eng & Admin          |
|-----------------|--|------------|------------|--------------|------------------|-----------|-------------|----------------------|
| Brown           | Legal - related to DOT suit; negotiation of contracts and materials  | 13,500.00  | 10,000.00  | 70,000.00    | 93,500.00        |           | 93,500      | 93,500               |
| Parker          | Legal - related to DOT suit  | 5,257.82   | 0.00       | 0.00         | 5,257.82         |           | 5,258       | 5,258                |
| B & P           | Legal - related to DOT suit  | 12,017.67  | 0.00       | 0.00         | 12,017.67        |           | 12,018      | 12,018               |
| Ugalde          | Legal - related to DOT suit  | 277.50     | 0.00       | 0.00         | 277.50           |           | 278         | 278                  |
| R. Holt         | Utility Easement   | 20,150.50  |            |              | 20,150.50        |           | 20,151      |                      |
| Thomas          | Engineering design, supervision, procuring SRF loan, negotiation of contracts and materials  | 96,720.00  | 144,650.00 | 268,520.00   | 509,890.00       | 252,610   | 762,500     | 762,500              |
| C&C Consultg    | Insurance  |            |            | 1,734.00     | 1,734.00         |           | 1,734       | 1,734                |
| App. Times      | Bid Notice   |            | 72.00      | 0.00         | 72.00            |           | 72          | 72                   |
| Tall Democrat   | Bid Notice   |            | 188.62     | 0.00         | 188.62           |           | 189         | 189                  |
| Franklin Chron. | Bid Notice   |            | 157.50     | 0.00         | 157.50           |           | 158         | 158                  |
| AMEX            | Bid Notice   |            |            | 171.72       | 171.72           |           | 172         | 172                  |
| DEP             | Permits  | 2,300.00   | 50.00      | 550.00       | 2,900.00         |           | 2,900       | 2,900                |
| E.G. Brown      | Surveying  | 975.00     | 0.00       | 0.00         | 975.00           |           | 975         | 975                  |
| Rodenberry      | Surveying  |            | 720.00     | 0.00         | 720.00           |           | 720         | 720                  |
| Withers Coastal | Construction re piping on bridge approaches & rerouted roads   | 225,396.04 | 3,592.96   | 650.00       | 229,639.00       |           | 229,639     |                      |
| Boh Bros        | Construction re placement & assembly of pipe on bridge   | 2,579.70   | 0.00       | 152,711.00   | 155,290.70       | 1,147,984 | 1,303,275   |                      |
| Blankenship     | Construction re improvements to plant including pump, piping, aerator; piping between well & bridge; 1st 5,000 feet of bridge pipe |            | 540,871.31 | 651,408.62   | 1,192,279.93     | 117,207   | 1,309,487   |                      |
| U.S. Filter     | Materials - Hangers  |            | 561.20     | 0.00         | 561.20           |           | 561         |                      |
| Weldcraft       | Materials - Hangers  |            |            | 493,504.20   | 493,504.20       | 90,556    | 584,060     |                      |
| Clow            | Materials - Pipe   |            |            | 76,398.84    | 76,398.84        | 349,924   | 426,323     |                      |
| Consolidated    | Materials - Coating  |            |            |              |                  | 181,678   | 181,678     |                      |
| Totals          |  | 379,174.23 | 700,863.59 | 1,715,648.38 | 2,795,686.20     | 2,139,959 | 4,935,645   | Total A&E<br>880,472 |
|                 |  |            |            |              |                  |           | 5,968,167   |                      |
|                 |  |            |            |              |                  |           | 1,032,522   |                      |

Fire Protection Project

|          |  |  |  |  |  |  |           |  |
|----------|--|--|--|--|--|--|-----------|--|
| Boh Bros | Contract to add storage capacity, emergency generation, pumping & plant improvements & enlargement of distribution lines to provide fire protection capacity |  |  |  |  |  | 1,150,829 |  |
|          |  |  |  |  |  |  | 118,307   |  |
|          |  |  |  |  |  |  | 6,086,474 |  |

WATER MANAGEMENT SERVICES, INC.  
CALCULATION OF AVERAGE DEPRECIATION RATE

| NARUC | Supply Main Project  | Total              | PSC<br>Average<br>Service<br>Life, yrs | Annual<br>Depr.<br>Expense |
|-------|--|--------------------|--|----------------------------|
| Acct  | Plant Component  |                    |  |                            |
| 331   | Mains & appurtenances  | \$491,317          | 43.00                                  | \$11,426                   |
| 331   | Mains & Appurt., exposed   | 3,259,090          | 20.00 *                                | 162,955                    |
| 303   | Easements  | 20,150             | 0.00                                   | 0                          |
| 320   | Aerator upgrade, pump & appurt.                                  | 181,888            | 22.00                                  | 8,268                      |
| 320   | Chlorinator  | 16,419             | 10.00                                  | 1,642                      |
| 311   | Electrical & control system for wells                            | 86,309             | 20.00                                  | 4,315                      |
|       |  | <u>\$4,055,173</u> | <u>21.50</u>                           | <u>\$188,605</u>           |
|       | <u>Fire Protection Project (see note)</u>                        |                    |  |                            |
| 331   | 17,700 ft of 6" & 8" mains & appurt.                             | \$411,305          | 43.00                                  | \$9,565                    |
| 330   | 200,000 gal. elev. tank  | 411,220            | 37.00                                  | 11,114                     |
| 304   | Plant improvements to accom. increased<br>pumping and electrical | 287,231            | 33.00                                  | 8,704                      |
| 310   | Emergency generator  | 41,073             | 20.00                                  | 2,054                      |
|       |  | <u>\$1,150,829</u> | <u>36.61</u>                           | <u>\$31,437</u>            |
|       | Total, both projects   | <u>\$5,206,002</u> | <u>23.66</u>                           | <u>\$220,042</u>           |
|       | Average life   |                    | 4.227%                                 |                            |
|       | Engineering & Overheads (dep @ avg                               | <u>\$880,472</u>   | <u>23.66</u>                           | <u>\$37,215</u>            |
|       | Total, including E & O   | <u>\$6,086,474</u> | <u>23.66</u>                           | <u>\$257,257</u>           |
|       |  |                    | 4.227%                                 |                            |

Note: Markup and ins., 73,379 1.068 ratio  
Fire Protection Project, above, per contract

Note: PSC Service Lives, per Rule 25-30.140(2)(a), F.A.C., for Class A&B Utilities, except as noted by asterisk and explained on Page 2 of this schedule.