



**ROBERT E. BLUE, Consulting Engineers, P.C.**

Parec Plaza, 725 Skippack Pike  
Blue Bell, Pennsylvania 19422  
Telephone: 215/542-9464  
Telecopier: 215/542-0791

March 13, 1996

Helmuth Baerwald, Township Manager  
East Norriton Township  
2501 Stanbridge Street  
East Norriton, Pa. 19401-1616

*1 - leave clearing  
Aug 96  
agenda*

Re: Burnside Associates  
NBC Pump Station  
Project 200-29

Dear Mr. Baerwald:

In response to our review letter of November 21, 1996, Fourtees has provided additional documentation of their cost of construction (see enclosed letter of March 6, 1996.) They have also provided explanations of items we questioned, or deleted the item from the package. The final cost of construction they have now satisfactorily documented is \$387,638.01. This includes the cost of engineering design, sub-contractor's charges, direct labor and material, inspection fees, required letters of credit, and certain costs associated with participation in the West End Sewer Group.

In addition to the direct cost of construction, Fourtees is claiming administrative and interest costs. The administrative cost claimed is \$19,463.63, or 5% of the materials, direct labor and sub-contractor's costs. The interest costs are based on the time-value-of-money for the funds used to finance the project. Fourtees has calculated their finance costs on a weekly basis using the prime rate offered for that week. The total from January, 1988, through March 6, 1996, is \$51,942.02. They are also claiming a per diem interest charge of \$92.02 beyond March 6, 1996.

Our office has informed Fourtees that administrative and interest costs are not specifically addressed as eligible for reimbursement under Act 203. The Township Board and Staff will need to discuss this issue with the Township Solicitor before deciding whether to include these costs.

I directed Fourtees to Merle Ochrach's letter of November 30, 1995, indicating interest costs should not be included unless actual interest paid on project specific funds could be documented.

If you have any questions, please contact me.

Very truly yours,

Robert E. Blue, Consulting Engineers, P.C.

By: *Stephen A. Muth III*  
Stephen A. Muth, III, P.E.

SM/1s  
cc: B. Shoupe, Zoning Officer  
M. Ochrach, Esq.  
P. Tornetta, Esq.  
G. Tornetta, Fourtees  
R. Blue, P.E.

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*Copy: Board 11/9 3/11/96  
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