NTD ARCHITECTURE

January 4, 2012

Dr. Denise Whittaker
Interim Superintendent/President
Palo Verde College
One College Drive
Blythe, CA 92225

Re: Phase 4 - Fine and Performing Arts Complex
NTD Project No. 2007-SH23-00

Dear Dr. Whittaker,

Per your request, the following outlines our position relative to the cost of work done to revise exit aisles and doors to satisfy DSA criteria imposed at the close of the project.

By way of background, the District entered into an Owner/Architect Agreement for this project on February 28, 2006 with Spencer/Hoskins associates. A year later, on March 1, 2007 NTD Architects acquired Spencer/Hoskins associates and it's book of work. The District, however, chose it retain this Agreement with Spencer/Hoskins associates and not transfer it to NTD. To date, NTD has acted as an agent for and has been paid by Spencer/Hoskins associates.

This project bid at an amount of $16, 238,078. There have been a total of $446,675 in construction related Change Orders including the $56,210 cost for the work in question. The total Change Orders compared to the original Construction Contract amount represent a 2.75% cost increase. The change order for this DSA scope change is a .35% cost increase. The Industry Standard of Care for a construction contract of this complexity would tell an Owner that they should plan to pay around 4% for design team errors and omissions. If all Change Orders on this project were categorized as errors and omissions (which is far from reality) then the design team has performed well within the Industry Standard of Care for a project of this type.

Architects and Engineers do not create perfect documents and do not warrant their documents as perfect. That is why Owners are always advised to carry a contingency to cover the cost of design errors or omissions.

Under the terms of the Owner/Architect Agreement the District is to pay Spencer/Hoskins associates a phased fixed fee of $1,068,000. This represents a fee of 6.58% of the original bid amount. This fixed fee was discounted about $300K from a normal fee for a project of this type. So the District received tremendous value from the on-set from Spencer/Hoskins associates.

After paying consultants and itself, Spencer/Hoskins associates will pay NTD $98,336 for our services on this project. However, NTD has expended a total of

$351,291 for a total cash loss of $252,955 on this project to date. We are not inclined to lose an additional $56,210 on this project.

On July 14, 2011 NTD submitted a fee proposal to the District seeking to recover our fees expended in connection with the original Mechanical Contractor going out of business. That request was for $50,834 and has to date not been approved or paid. I have offered to waive this fee request in the spirit of good-will in an effort to close out this project on a good note.

NTD has been placed in a very difficult position of taking on a challenging project with a substandard fee, but has put forth all labor necessary to make this a successful project for the District. NTD has performed well within the Industry Standard of Care and does not even see how DSA changing their original approval can be viewed as an error on our part. But in an effort to make the District whole we have offered to drop our additional fee request.

There is nothing more that we can offer and hope that you can see and understand that.

Regards,

Jay R. Tittle, AIA
Partner
C12955
JT/ee

cc: Shoji Takeshima, NTD
Ellen Emmerson, NTD