

SUBJECT

BOARD RESOLUTION NO. 22-210

Pertaining to an Amendment No. 2 to a Progressive Design-Build Agreement with CH2M Hill Engineers, Inc. for the McCarron's Treatment Process Improvements Project.

BACKGROUND INFORMATION

Staff is seeking approval of Amendment No.2 to the Progressive Design-Build Agreement with CH2M Hill Engineers, Inc. for the McCarron's Treatment Process Improvements Project approved at the Board's January 12, 2021 meeting.

See attached Staff Report and Amendment.

RECOMMENDATION

Board approval is recommended.

McCarron's WTP Project

Work Package #2: Staff Report

February 8, 2022

Executive Summary: SPRWS staff is seeking a second contract amendment with CH2M Hill Engineers, a subsidiary of Jacobs Engineering, to allow for additional purchase of equipment and performance of schedule-critical work. SPRWS staff recommends approval of the contract amendment. The value of the contract amendment is \$11,400,000.

Background: In order to meet schedule goals for the McCarron's WTP Project and to accomplish construction work in the most favorable seasons, SRPWS staff has worked with the Design-Builder to develop several early work packages. This is the second early work package for the project. The first early work package was approved by the Board in January, and the third early work package is expected in March.

Scope of Package: This work package includes the following work and purchases:

- The removal of trees from the site
- Removal of a gate and saw-cutting of an opening with the purpose of diverting water directly from the existing recarbonation effluent to the top portion of the "Figure-8". This work will render the Secondary Settling Basins functionally irrelevant and prepare them for demolition.
- Relocation of the electrical lines feeding Substation A
- The establishment of the Design-Builder construction offices/trailers necessary to support project work
- Purchases of pipes and other significant equipment for which early delivery is required to avoid impacts on the project's critical path
- Site preparation for the installation of the temporary CO2 trailer
- Rerouting of Storm Sewer lines
- General Conditions for CH2M Hill and Magney construction sufficient to carry forward the planned construction efforts until Sept. 30, 2022
- Engineering Services During Construction for Design-Builder sufficient to carry forward the planned construction efforts until Sept. 30, 2022

Rationale for Early Purchases

All work included in this package is necessary to keep construction plans on schedule for the summer of 2022. Many items have auxiliary benefits as well. Auxiliary benefits include providing an early proof-of-concept for a critical bypass of some facility components (reduces later risk) and securing pricing in an uncertain economic environment.

Pricing

The total value of the contract amendment is **\$11,400,000**.

\$9,189,219 is guaranteed to the Design-Builder as a Lump Sum value.

An additional **\$1,174,846** is available to the Design-Builder (upon Owner approval) for project risks encountered during the work (Contingency Funds). The total amount of project risk identified is approximately \$7.5M. The Design-Builder has capped the Owner's potential liability for project risks at \$1,174,846 and is responsible for any project risk overruns.

Finally, an additional **\$1,035,935** is available to the Design-Builder (upon Owner approval) for Allowance Items. Allowance items are utilized for costs which may or may not materialize and for which the owner retains the risk. As an example, we don't yet know if leaks exist in some infrastructure. If leaks are encountered, the Owner will pay to remedy them as needed from this allocation.

Any unspent funds from the Contingency Fund and the Allowance Items will be returned to the Owner in full.

Project Management Considerations/Notes

- The cost of this work is generally in alignment with the \$220M project estimate that was shared with the BWC at the Dec. 2021 meeting.
- Contracting early for this work should not meaningfully alter the cash flow timeline for SPRWS
- SPRWS staff recommends that we deliver this package under a hybridized Lump Sum agreement, the terms of which were negotiated in the past several weeks. The arrangement saves about \$60k over a Guaranteed Maximum Price delivery. As described above, the Owner receives back any unspent Contingency or Allowance funds. The hybridized Lump Sum arrangement combines the best features of a Lump Sum delivery and a Guaranteed Maximum Price delivery, and SPRWS staff feels confident that it's the best way to deliver this work package.
- The "Off-ramp" for the project remains open. For equipment ordered, SPRWS will be able to cancel orders, delay delivery, or accept delivery of the equipment in the event that we do not proceed with Jacobs for the construction phase of the contract. For work performed, SPRWS will be responsible for paying for completed work and for demobilization costs if we elect to take the "off-ramp".