



# Town of Johnstown

## TOWN COUNCIL AGENDA COMMUNICATIONS

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- AGENDA DATE:** November 6, 2023
- SUBJECT:** An Agreement Between the Town of Johnstown and MWH Constructors for Early Construction and Equipment Procurement on the Water Treatment Plant Project
- ACTION PROPOSED:** Award Construction Contract for two early work packages, Work Authorization 1 and 2, on the Water Treatment Plant project.
- ATTACHMENTS:**
1. Work Authorization 1: Memo, Quote & Schedule
  2. Work Authorization 2: Memo & Quote
  3. CMAR Construction Contract
- PRESENTED BY:** Ellen Hilbig, Utilities Director
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### AGENDA ITEM DESCRIPTION:

Enclosed for Council review and consideration is a request to award a Construction Contract to MWH Constructors, Inc. for two early work packages, Work Authorization 1 in the amount of \$9,907,537 for early construction activities and Work Authorization 2 in the amount of \$22,543,126 for early equipment procurement.

The primary goal for the issuance of these two early work packages is to support a construction schedule that allows for the new plant to come online in early 2026 before the summer high water usage season. The early construction work identified in Work Authorization 1 involves relocation of existing yard pipe to prepare for the excavation of the future treatment plant buildings. This work requires plant shutdowns and utilization of the Towns interconnect water supplies which needs to occur during the 2023 winter low water demand season. The equipment procurement items in Work Authorization 2 have all been identified as long lead items that could critically impact the Contractors ability to meet the schedule goals if they are not ordered as soon as possible.

The pricing identified in these two early work packages was based on the Opinion of Probable Construction Cost developed by the MWH team on the 60% design and includes quotes for all materials and equipment. The drawing set for Work Authorization 1 and the equipment procurement packages for Work Authorization 2 will be competitively bid with any cost savings being rolled over to the projects 90% Guaranteed Maximum Price (GMP). The 90% design that the GMP will be based on will come out at the end of January and is expected to come to Council

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in April. Allowing for these early work packages ensures that the project team can effectively use the next 6 months to get a head start on plant construction and meet the early 2026 schedule.

The Town is working with the Design Engineer (Burns & McDonnell), Owners Representative (BlueWater) and Contractor (MWH) to bring the all-in construction budget for the project to below \$80 million. This number includes construction costs, construction engineering costs, materials testing, miscellaneous permitting and utility coordination for the entire project.

In addition to requesting Council award the early work packages as not to exceed, Staff is also asking that Council authorize the Town Manager to approve the use of an Owners Contingency in an amount not to exceed \$1.3 million (4% of early work package costs) for unforeseen construction expenses encountered on the project.

**LEGAL ADVICE:**

The Contract has been reviewed by the Town’s Attorney

**FINANCIAL ADVICE:**

The Town budgeted \$30 million in 2023 budget and \$30 million in the 2024 budget for the Water Treatment Plant project and will be required to address project funding to cover the total project costs in the budget year 2025 & 2026.

**RECOMMENDED ACTION:** Town Staff recommends the award of the Construction Contract to MWH Constructors, Inc. for two early work packages in an amount not to exceed \$9,807,537 for Work Authorization 1 and \$22,543,126 for Work Authroization 2 and authorize the Town Manager to approve the use of an Owners Contingency in an amount not to exceed \$1.3 million.

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**SUGGESTED MOTIONS:**

**For Approval:** I move to award the Construction Contract to MWH Constructors, Inc. for two early work packages in an amount not to exceed \$9,807,537 for Work Authorization 1 and \$22,543,126 for Work Authroization 2 and authorize the Town Manager to approve the use of an Owners Contingency in an amount not to exceed \$1.3 million.

**For Denial:** I move to deny the award of Construction Contract for the early work packages on the Water Treatment Plant project and direct Staff to formally bid out the project.

*Reviewed and Approved for Presentation,*



Town Manager

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