



Meeting Date: August 25, 2022 **Agenda Type:** Consent Items for Action

From: Shawn Schorn, P.E. **Reviewed by:** Michael Short, P.E.
Chief Engineer of Water Director of Water Services and
Services Compliance

Submitted by: Ryan Kelso **Approved by:** Ian Taylor
Chief Operations Officer Chief Executive Officer

RECOMMENDED ACTION: Authorize CEO or His Designee to Approve Additional Construction Contract Contingency in the amount of \$200,000 for the Construction of the Castell Avenue Rehabilitation Project - East

BACKGROUND

On April 29, 2021, the New Braunfels Utilities (“NBU”) Board of Trustees approved a construction contract with D Guerra Construction, LLC (“D Guerra”) for the construction of the Castell Avenue Rehabilitation Project – East, which includes the installation of (i) 6,246 linear feet of 8-inch and 12-inch water main, (ii) 4,766 linear feet of 16-inch and 8-inch wastewater main on Castell Avenue between San Antonio Street and Nacogdoches Street, and (iii) 5,169 linear feet of 24-inch transmission main needed to pump water from NBU’s downtown production facilities to the County Line tank and surrounding area (the “Project”).

Anticipating project change orders, the NBU Board approved an initial contingency of \$350,000 with the original construction contract. Since the Project was approved, it has required four (4) change orders for coring two manholes and adding 140 LF of pipe, additional service laterals, waterline relocation, seismography in the historical district area near Castell Avenue, and additional UPRR flaggers and observers needed to complete the bore under the railroad crossing at S. Castell Avenue and Elm Street, resulting in the use of \$267,571 of the initial contingency amount.

NBU has identified the need to increase the project contingency due to the probability of unforeseen events occurring in the remaining sections of the project. NBU staff estimates that \$200,000 will cover costs for any remaining unforeseen issues during the project.

In order not to cause delays during construction, NBU staff requests that the Board of Trustees approve the additional \$200,000 in construction contract contingency. NBU staff will use the remaining contingency for additional change orders needed as the project continues. All contract change orders will be presented to the Board through the monthly change order log.

This item is being presented to the Board because increasing the contract contingency amount modifies the agreement beyond the parameters the Board previously approved.

FINANCIAL IMPACT

The Board originally approved a construction contract in the amount of \$6,898,802.50 for the Project with an original contingency of \$350,000, for a total of \$7,248,802.50. NBU has since processed four (4) change orders in the amount of \$269,571. The combined amount of the construction contract and the four (4) change orders is \$7,168,373.50.

Adding the additional \$200,000 will bring the total available contingency to \$550,000, or approximately 8% of the original contract amount. The total contract amount of \$6,898,802.50, the original contingency of \$350,000, and the additional requested contingency of \$200,000 totals \$7,448,802.50.

LINK TO STRATEGIC PLAN

Provide a Safe and Secure Environment

Be a Responsible Steward of Natural Resources

EXHIBITS

1. Board Write-up from April 29, 2021