



## AGENDA MEMORANDUM

**CONTACT:** CLIF CUSTER

**SUBJECT:** STRAND ASSOCIATES TASK ORDER AMENDMENT

### SUMMARY:

Due to delayed completion of Richwood's North Water Plant, Strand Associates is proposing a Task Order amendment that will primarily fund Resident Project Representative (RPR) services through the North Water Plant's current estimated date of completion.

### BACKGROUND INFORMATION:

Strand has been providing construction-phase services throughout the four construction contracts that comprise the City's North Water Plant project. The North Water Plant project was divided into four separate construction contracts in lieu of combining all the work into one contract to avoid contractor mark-ups. Had the project been bid as one construction contract, the Booster Pumping Station contractor likely would have been the general contractor and it would have marked-up construction costs at least 10 percent for the other three construction contracts. Below is a summary of the construction costs for the four construction contracts compared to what it could have cost had it been a combined construction contract:

CONTRACT	CONSTRUCTION COSTS (CURRENT, 4 CONTRACTS)	CONSTRUCTION COSTS (1 CONTRACT + 10% MARK-UP)
Booster Pumping Station	\$1,891,595.00	\$1,891,595.00
Water Main Extensions	\$300,762.50	\$330,838.75
Groundwater Well	\$318,630.00	\$350,493.00
Ground Storage Tank	\$731,800.00	\$804,980.00
<b>TOTAL:</b>	<b>\$3,242,787.50</b>	<b>\$3,377,906.75</b>

The decision to separate the project into four separate construction contracts resulted in a savings of at least \$135,000, assuming a minimum mark-up of 10% and not taking into the account that the earlier construction contracts would have been bid later, likely resulting in higher costs as a result of inflation and supply-chain issues. The downside to this approach is that it required more effort on both the City and Strand's part to coordinate with and between four different contractors. The need to stage construction activities so as to not have multiple contractors working in the same area at the same time plus the supply-chain issues that have been experienced has caused construction to extend further than what could have ever been anticipated.

Strand has an hourly Task Order with the City to provide design, bidding, and construction-related services for the North Water Plant project. This agreement also included sub-consultants to provide geotechnical engineering, construction materials testing, tank welding observations, and tank painting observations. Strand's Task Order has been amended a couple times as additional work became necessary and as construction delays became known. Amendment No. 2 to our Task Order was approved by the City in August 2021. This amendment included an end date of September 1, 2022, which is when we anticipated construction and closeout to be completed on the Booster Pumping Station contract.

Prior to bidding, we increased the number of months for the Booster Pumping Station contract to nine for substantial completion and 10 for final completion in anticipation of electrical equipment manufacturing and delivery delays. Based on this, substantial completion should have been achieved on October 18, 2022 and final completion on November 17, 2022. The contractor delayed its start on this project based on when it anticipated the electrical switchgear and generator to be delivered (originally scheduled for an October delivery), but was recently informed that this equipment would not be delivered until April or May 2023. The current schedule for the Booster Pumping Station project shows an end date of July 6, 2023. Strand will need to remain involved up to two months after construction completion to provide final permitting and closeout assistance, as well as preparation of record drawings.

Strand's effort was further impacted during and after bidding the Booster Pumping Station project. Prices came in higher than anticipated and Strand assisted the City with value engineering by evaluating options to reduce construction costs by \$72,000. This increased Strand's effort both during bid award, as well as during shop drawing reviews since the shop drawings that were provided did not match our original design.

### **Amendment Breakdown**

Strand's Task Order, along with Amendment No. 2, set an end date for services on September 1, 2022. Strand is providing services on this project on an hourly-rate basis, meaning the city is only paying for the services that Strand provides. Strand has worked diligently to keep costs down even with the additional efforts mentioned later in this email. This has included hosting Construction Progress Meetings using Microsoft Teams, in lieu of in-person meetings, and combining construction observation trips with other projects in Richwood and a couple nearby communities that we serve. Strand exhausted its budget in mid-September for which a partial invoice was sent. Amending our agreement will allow us to continue providing construction-phase services through August 2023.

The following is a breakdown of our anticipated invoices moving forward, based on the contractor's most recent construction schedule:

MONTH	ANTICIPATED INVOICE AMOUNT	CONSTRUCTION ACTIVITY
September 2022	\$6,000	Access Road, Site Grading, Building Foundations, and Yard Piping
October 2022	\$8,500	Booster Station Pumps and Piping, Masonry Walls, Yard Piping, and Fencing
November 2022	\$7,500	Masonry Walls, Roofing, Protective Coatings, and Final Site Grading
December 2022	\$3,500	Chemical Equipment, Final Site Grading, Turf Establishment, and Driveway
January 2023	\$500	<i>HOLD - General Coordination and Monthly Progress Meeting</i>
February 2023	\$500	<i>HOLD - General Coordination and Monthly Progress Meeting</i>
March 2023	\$500	<i>HOLD - General Coordination and Monthly Progress Meeting</i>
April 2023	\$2,500	Well Pump Installation
May 2023	\$5,000	Generator and Electrical Switchgear
June 2023	\$5,500	Electrical Switchgear, Well and Booster Pump Start-up and Testing
July 2023	\$5,500	Well and Booster Pump Start-up and Testing, Tank Cleaning, and Final Permitting
August 2023	\$2,500	Final Permitting, Closeout, and Record Drawings
<b>TOTAL AMENDMENT:</b>	<b>\$48,000</b>	

#### **ISSUE:**

The frustrating facts that have led to the delay of the North Water Plant completion have impacts that are felt by Residents, Council, Staff, Engineering, and Contractors alike. I feel that Staff has worked diligently with Engineers and Contractors to ensure that the North Water Plant remains within the budgetary confines of the Series B General Obligation Bond, while not compromising construction quality or plant functionality.

The continuation of Engineering Services at this point allows:

1. An assurance of construction quality.
2. Reassurance that construction practices and standards are consistent with project design.
3. An added layer of accountability and QC oversight

#### **FISCAL IMPACT:**

\$48,000.00

#### **RECOMMENDATION:**

I recommend that Council make a motion to approve Amendment No. 3 to Strand Associates Task Order in the amount of \$48,000.00 for the North Water Plant Project.