

Lindsay Koskiniemi

From: Joshua Berryhill <joshua.berryhill@e-ht.com>
Sent: Thursday, February 29, 2024 4:23 PM
To: Lindsay Koskiniemi
Cc: Jordan Hibbs
Subject: Sweeny - Updated Estimate for Water Project
Attachments: Sweeny DWSRF - Emergency Water Improvements - 2025 - rev2 - Summary Page.pdf;
Sweeny DWSRF - Emergency Water Improvements - 2025 - rev2 - Base OPCC.pdf

Good Afternoon Lindsay –

Please see attached for our draft Cost Summary for the proposed water project...please see below for background on key cost items:

- **Opinion of Probable Construction Cost (OPCC)**
 - Distribution improvements – extracted from Strand cost estimate
 - Treatment for the wells – for reduction of iron and manganese
 - Allowance for further rehab of your existing wells – can be removed now or later on to help lower overall project costs
 - SCADA Improvements – included to upgrade your automated operation capability
 - Waste Handling System – this is recommended to help “buffer” the waste flow volume during backwash events to minimize surcharges to your wastewater collection system
 - Support System – lab testing equipment to support the treatment system
 - Piping, site work, electrical, mobilization – typical industry percentages of total construction
 - Owner’s Allowance – we usually include a small allowance for Owner-directed scope additions during construction

- **Summary Page – Non-Construction Costs**
 - AIS / BABA – This is a markup we have to plan for due to American Iron & Steel and the new Buy American / Build American requirements (i.e., “domestic steel”)
 - Loan Origination Fee (LOF) – This is a cost applied to a project loan by TWDB for staffing costs to manage the project from their side
 - Escalation – We set this at 10% for now, which is somewhat low, but we were trying to help with the “sticker shock” for these costs. We have been seeing anywhere from 10-15% per year over the last couple years.
 - WCP – We anticipate needing to update this during the course of the project
 - Application – Covers the funding application costs (if the project moves forward and is funded by TWDB)
 - Environmental – It may be possible to obtain a Categorical Exclusion (CE) for this project, but we typically budget on the high side for a full Environmental Information Document (EID) to begin with until we can determine a CE may be allowed instead
 - Project Management – Supports monthly coordination efforts with TWDB
 - Surveying – Development for site work at the plant and offsite improvements
 - Regulatory Compliance – This would support pilot testing, development of exceptions approvals with TCEQ, and submittals of updated CT and monitoring plans to TCEQ for the improvements
 - Geotech – Limiting onsite drilling to verify onsite soil conditions
 - Asset Management Plan – This is a \$100,000 grant that is offered by TWDB to fund detailed analyses of the utility’s water and wastewater systems...plus, it gets you additional points in the project ranking
 - Corrosion Control Study – This will have to be completed twice...first during design, and second after construction to verify finished water conditions for TCEQ

- Inspection – TWDB requires a project inspector onsite during construction to verify that the awarded contractor is adhering to the construction documents (plans and specs)
- Testing – Budget for concrete testing and soil density testing for proper soil compaction
- O&M Manual and Startup Training – In addition to the equipment vendor operation and maintenance (O&M) manuals, we will prepare a Plan of Operations which covers process theory for day-to-day and optimized operations, and we provide time with our operators to help with startup, performance testing and supporting training of your operations staff
- Fiscal/Legal – This covers costs for the Financial Advisor and Bond Counsel for helping with the funding application and closing of any loan for the project
- Contingency – This provides some cushion for the project budget prior to starting design

After you have had a chance to go over this information, please let me know when you would have time to discuss the costs further tomorrow.

Thanks!



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