



## CITY COUNCIL MEETING STAFF REPORT

<b>Meeting Date:</b> May 2, 2022		<b>Subject: Resolution No. 2970</b> A Resolution Of The City Of Wilsonville Authorizing The City Manager To Execute An Amendment To The Construction Manager/ General Contractor (CM/GC) Contract With Kiewit Infrastructure West Co. For A Guaranteed Maximum Price To Construct The Willamette River Water Treatment Plant Expansion Project (Capital Improvement Project 1144)  <b>Staff Member:</b> Mike Nacrelli, Senior Civil Engineer  <b>Department:</b> Community Development	
<b>Action Required</b>		<b>Advisory Board/Commission Recommendation</b>	
<input checked="" type="checkbox"/> Motion <input type="checkbox"/> Public Hearing Date: <input type="checkbox"/> Ordinance 1 <sup>st</sup> Reading Date: <input type="checkbox"/> Ordinance 2 <sup>nd</sup> Reading Date: <input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Information or Direction <input type="checkbox"/> Information Only <input type="checkbox"/> Council Direction <input checked="" type="checkbox"/> Consent Agenda		<input type="checkbox"/> Approval <input type="checkbox"/> Denial <input type="checkbox"/> None Forwarded <input checked="" type="checkbox"/> Not Applicable  <b>Comments:</b> N/A	
<b>Staff Recommendation:</b> Staff recommends Council adopt the Consent Agenda.			
<b>Recommended Language for Motion:</b> I move to approve the Consent Agenda.			
<b>Project / Issue Relates To:</b>			
<input type="checkbox"/> Council Goals/Priorities:	<input checked="" type="checkbox"/> Adopted Master Plan(s): Willamette River Water Treatment Plant Master Plan Update 2017	<input type="checkbox"/> Not Applicable	

### ISSUE BEFORE COUNCIL:

A City of Wilsonville Resolution approving an Amendment to the Construction Manager/ General Contractor (CM/GC) Agreement with Kiewit Infrastructure West Co. (Kiewit) for a Guaranteed Maximum Price (GMP) of \$25,317,288 to construct the Willamette River Water Treatment Plant (WRWTP) Expansion (CIP #1144) project (Project).

**EXECUTIVE SUMMARY:**

The WRWTP is scheduled for expansion from 15 Million Gallons per Day (MGD) to 20 MGD design capacity necessary to meet projected demand as both Wilsonville and the City of Sherwood continue to grow. The 2017 WRWTP Master Plan Update identifies the improvements necessary for this expansion.

Due to the complexity of constructing the WRWTP expansion while keeping the facility operational, use of a Construction Manager/General Contractor (CM/GC) alternative contracting method was approved by Council (Resolution No. 2801) on March 16, 2020. This contracting method allows the City to select a general contractor on a qualifications basis to join the design team and collaborate throughout the design process, adding construction expertise to inform design decisions and allowing for more innovative solutions. As the project nears final design, the CM/GC provides the City with a Guaranteed Maximum Price (GMP) to construct the project.

Prior to soliciting for the CM/GC, Wilsonville entered into an Intergovernmental Agreement (IGA) with the City of Sherwood in July 2021 outlining Project construction and funding responsibilities. On August 16, 2021, Council adopted Resolution No. 2917 authorizing the award of a CM/GC contract with Kiewit for the Project.

Now that design of the Project is nearly complete, the City has negotiated a GMP with the CM/GC for construction of the WRWTP expansion. Recent world events have caused significant escalation in construction prices, resulting in a GMP to construct the Project greater than anticipated. In order to meet the terms of the IGA with Sherwood, the project team engaged in a process to value engineer the Project, prioritizing the most critical elements of the Project and to identify items that can be deferred to a later date. Priority was given to elements that provide the needed 20 MGD capacity and seismic enhancements critical to maintaining operation of the WRWTP after a major earthquake event.

As a result of this process, the GMP Amendment lists “Additive Alternate” Project elements that are not presently included in the GMP but can potentially be added to the scope if additional funding becomes available during the course of the Project. These deferred items consist primarily of seismic bracing of above ground chemical piping and electrical conduits, as well as replacement of pumps in the Washwater Equalization Basin. It was determined that these lower priority items can be completed in the future without impacting operation of the WRWTP and are independent of the improvements included with the Project.

**EXPECTED RESULTS:**

The expanded WRWTP will provide sufficient capacity to accommodate growth in the City of Wilsonville for the next 10 years, including more seismically resilient facilities, and replacement of outdated equipment.

**TIMELINE:**

Construction will commence in May 2022, with completion anticipated in 2024.

**CURRENT YEAR BUDGET IMPACTS:**

The FY2021-22 year-end estimate is \$4,200,000 for design and construction of the Water Treatment Plant 20 MGD Expansion project (CIP 1144) funded through a combination of water utility fees, water system development charges and contributions from the City of Sherwood. The proposed FY2022-23 budget includes an additional \$25,895,740 to complete the Project. The proposed GMP of \$25,317,288, which includes the previously authorized expenditures for preconstruction services and procurement of ozone generation systems, is within the budgeted amount. The Project is anticipated in the City’s five-year capital improvement plan and will carry into the next fiscal year.

**COMMUNITY INVOLVEMENT PROCESS:**

The scope and schedule of WRWTP expansion projects were identified and adopted as part of the 2017 WRWTP Master Plan Update. Adoption of the updated master plan included significant coordination and cooperation between the partner jurisdictions, including City of Wilsonville, City of Sherwood, City of Hillsboro, Tualatin Valley Water District, and the Willamette Water Supply Program. A webpage and virtual open house were provided where the entire master plan document could be viewed, and public comment and questions submitted. Public hearings before the Wilsonville Planning Commission and City Council were held as part of approval of the 2017 WRWTP Master Plan Update adopting ordinance (Ordinance No. 815).

In addition, the required Class II Site Design Review application was submitted to the City’s Planning Department. The review process included a notification and request for comments mailed to all residents within 200 feet of the Project, along with Public Notices posted at various locations throughout the City. Project staff will continue to provide periodic updates on the progress of construction on the City’s web site and in the Boones Ferry Messenger.

**POTENTIAL IMPACTS OR BENEFIT TO THE COMMUNITY:**

The Project will provide needed capacity expansion at the WRWTP to accommodate planned development in the cities of Wilsonville and Sherwood for the next 10 years. The Project includes opportunistic improvements to seismically improve the WRWTP and replace aging and outdated equipment while the expansion work is underway, reducing future maintenance needs, costs, and impacts to the plant.

**ALTERNATIVES:**

The Project work included assessment of a number of design alternatives for the expansion of the WRWTP. Each alternative was assessed on the basis of cost, design life, regulatory compliance, support of planned future expansion, equipment reliability, and a number of other considerations, resulting in a well-planned, high-quality expansion of the City’s water treatment infrastructure.

**CITY MANAGER COMMENT:**

N/A

**ATTACHMENTS:**

1. Resolution No. 2970
  - a. Willamette River Water Treatment Plant Expansion CM/GC GMP Amendment