



**Meeting Date:** November 20, 2017

**Report No.** SUA-17-40

**Agenda Item No.** 2b

**Purpose:** Authorization of additional funds for Amendment 3 to the Professional Services Agreement (PSA) with CEC Corporation for Project 10WT34 – Phase 2 Hospital Area Waterline Replacement.

**Budget Impact:** With SUA Trustees' authorization, funds for 10WT34 will be administratively appropriated from the SUA Water Capital Fund, which contains sufficient funds to complete the design. Combined with previous professional services and construction expenditures and previously authorized outstanding work items, approval of the recommended action will bring the total project expenditure authorization to \$660,777.

**Prior Council Action or Part of an Approved Project:** Yes

**Related Items:** See attachments I-V

SUA-10-05: Authorization of Professional Services for design

CC-11-93: Rejection of Phase 1 construction bids, modification of scope to meet CDBG funding levels

CC-12-24/SUA-12-05: Authorization of Phase 1 Construction

SUA-12-26: Authorization of Phase 1 Inspection Services

CC-13-34: Closeout of 2010 CDBG

**Alternatives:** The following alternatives are available to the SUA Trustees:

- Authorize additional expenditures and approve execution of the PSA Amendment.
- Reject the PSA Amendment. Based on guidance from the Trustees, staff will renegotiate the scope and fee with CEC or begin negotiations with the next most qualified consultant.
- Cancel the Project. Cancelling the project will delay needed improvements in the project area.

**Recommendation:** Staff recommends that the Trustees authorize expenditures up to \$71,000 (includes a 10% contingency) for Amendment 3 to the CEC PSA for design, bidding, and services during construction of the Phase 2 Hospital Area Waterline Replacement Project.

**Prepared by:** Peter Armans, WR Project Manager

**Reviewed by:** William Millis, WR Director

**Reviewed by:** Dan Blankenship, Deputy City Manager

**Submitted by:** Norman McNickle, City Manager

**Background Information:** The Hospital Area Waterline Replacement project includes replacement of aged transite and cast iron water lines. The project is located in an established neighborhood with many mature trees, buried and overhead utilities, and residential and business properties. The project boundaries are generally along 7<sup>th</sup> Avenue, 9<sup>th</sup> Avenue, Walnut Street, and Jefferson Street.

The original two-phase design was authorized in March 2010 in the amount of \$139,480 (SUA-10-05). Phase 1 construction bids were significantly higher than the Engineer's Estimate and anticipated budget. Therefore, SUA rejected all construction bids and directed staff to revise the scope to better match CDBG funding levels and budget (CC-11-93). In February of 2012, SUA authorized \$408,464, which included \$117,059 in CDBG funds, for the construction of Phase 1. In June 2012, SUA authorized an additional \$41,833 for Inspection Services (SUA-12-26).

Phase 1 construction was completed in 2013. At the time of final Phase 1 completion, accrued expenditures included \$99,855.75 for design, \$364,581.99 for construction and \$26,875.00 for inspection – for a total of \$490,473.99. Design of Phase 2 was deferred due to higher priority projects, but is currently underway.

This request is to authorize an additional \$71,000.00, which includes 10% contingency, for design, bidding, and services during construction of Phase 2. Uncompleted CEC services described in the original PSA and associated Amendments 1 and 2 total \$39,624.25. With the approval of the expenditures for Amendment 3, the total expenditure authorization for the project will be \$660,777.

The Water Resources Department staff will seek SUA Trustee authorization for Phase 2 construction expenditures upon the completion of Phase 2 design and bidding.