

**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

December 3, 1993

To: Board of Directors (Engineering and Operations Committee--Action)
Board of Directors (Finance and Insurance Committee--Action)

From: General Manager

Subject: Revision No. 2 to Appropriation No. 598 to Increase Funding from \$3,000,000 to \$3,340,000 to Finance Metropolitan's Share of all Increases Due to Site Preparation, Extra Work Orders to the Contractor and All Retrofit Work at Service Connection LA-35.

Report

In September 1991, your Board authorized Revision No. 1 to Appropriation No. 598 to finance Metropolitan's share of all estimated costs of construction of permanent service connection LA-35, authorized the General Manager to amend Agreement No. 10336 with the Los Angeles Department of Water and Power (DWP) for design and construction, and awarded a contract to Dillingham Construction for construction of the service connection.

The contract work was completed and accepted by Metropolitan on May 11, 1993, and the Notice of Completion was recorded May 20, 1993. All outstanding claims by the contractor have now been resolved. Extra work orders totalling \$142,656 were issued to the contractor, which amounts to approximately 3.4 percent of the original contract amount. The DWP has agreed to pay 50 percent of all change orders.

The original agreement with the DWP for the construction of the service connection placed a limit on DWP's share of costs. Revision No. 1 to Appropriation No. 598 also included a limit to DWP's share of costs and that each party would pay their share of change orders. In addition, the revision made provisions for each party being liable for costs they were solely responsible for. The final sharing of costs between Metropolitan and the DWP is a product of negotiations held between both parties.

Metropolitan has incurred additional costs during the course of construction which were higher than originally estimated for negotiations with the contractor involving site preparation, coordination with the DWP and inspection for procurement of equipment. The total cost of this additional

work is approximately \$236,680, which will be paid entirely by Metropolitan.

Metropolitan also performed testing of the discharge structure and temporary retrofit work to the discharge structure to bring the capacity up to 700 cfs. The cost of this additional work is approximately \$120,000. DWP performed utility relocations at an estimated cost of \$105,920. Additional site preparation for installation of the wye branch was also performed. Staff has determined the applicable portion of the cost of this additional work to be \$200,000. In addition, Metropolitan proposes to perform permanent retrofit work to the discharge structure at an estimated total cost of \$191,800. This retrofit work was not included in the original project cost estimate but is necessary to bring the service connection capacity up to the desired 700 cfs. Metropolitan and DWP will share equally in the costs listed in this paragraph.

A summary of the cost sharing for LA-35 is shown below:

<u>Item</u>	<u>MWD Share</u>	<u>DWP Share</u>	<u>Total</u>
Design & Construction	\$2,700,000	\$2,700,000	\$5,400,000
Extra Work Orders	71,328	71,328	142,656
Additional Site Preparation	100,000	100,000	200,000
Discharge Structure Temporary Retrofit	60,000	60,000	120,000
Discharge Structure Permanent Retrofit	95,900	95,900	191,800
DWP Utility Relocation	52,960	52,960	105,920
Cost Overruns	236,680	0	236,680
Contingency	22,944	0	22,944
Total	<u>3,339,812</u>	<u>3,080,088</u>	<u>6,420,000</u>

The total cost of all additional work will result in an increase of \$340,000 to Metropolitan including contingencies. Therefore, the revised total estimated cost to Metropolitan for construction of service connection LA-35 is \$3,340,000. A breakdown of the estimated cost is shown on the attached Financial Statement.

Metropolitan has fully complied with the provisions of the California Environmental Quality Act regarding this project.

Board Committee Assignments

This letter is referred for action to:

The Engineering and Operations Committee because of its jurisdiction over the initiation, scheduling, contracting, and performance of construction programs pursuant to Administrative Code Section 2431(b); and

The Finance and Insurance Committee because of its jurisdiction over appropriations pursuant to Administrative Code Section 2441(d).

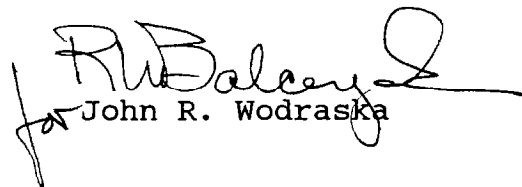
Recommendations

ENGINEERING AND OPERATIONS COMMITTEE FOR ACTION.

It is recommended that your Board authorize the General Manager to have all work performed to retrofit Service Connection LA-35 to obtain the desired 700 cfs capacity.

FINANCE AND INSURANCE COMMITTEE FOR ACTION.

It is recommended that your Board authorize an increase of \$340,000 in Appropriation No. 598 from the 1992 Revenue Bond Construction Fund to a total of \$3,340,000 for Metropolitan's share of additional costs of site preparation, extra work orders and retrofit of Service Connection LA-35.


for John R. Wodraska

JIM/rs/jj
(bdap:598-rev2/11083)
Attachment

Financial Statement (Program No. 5-5980-31)

The breakdown of the total estimated cost for Revision Nos. 1 and 2 for construction of Service Connection LA-35 including the DWP portion is shown below:

	<u>Revision No. 1</u>	<u>Revision No. 2</u>
Construction Specifications No. 1225 low bid received July 18, 1991	\$ 4,246,000	\$ 4,246,000
Less 75 percent of wye branch	(1,050,000)	(1,050,000)
Extra Work Orders	0	142,656
Additional Site Preparation	0	200,000
Procurement Specifications No. 1232 low bid received August 21, 1991	370,500	370,500
Labor:		
Final Design	350,000	500,000
Post Design	140,000	150,000
District Forces Construction	0	120,000
Contract Administration Inspection and Survey	<u>310,000</u>	<u>350,000</u>
Subtotal Labor	800,000	1,120,000
Materials and Supplies	483,500	530,000
Incidental Expenses	90,000	30,000
Professional/Technical Services	35,000	170,000
Operating Equipment	10,000	20,000
Administrative Overhead	<u>415,000</u>	<u>617,900</u>
Subtotal	5,400,000	6,397,056
Contingencies (MWD)	300,000	22,944
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Financial Statement (cont.)

Total	\$ 5,700,000	\$ 6,420,000
Estimated Funds Required:		
Initial		\$ 800,000
Revision No. 1		2,200,000
Revision No. 2		<u>340,000</u>
Total		3,340,000
(MWD Share including contingencies)		

Source of Funds:

1992 Revenue Bond Construction Fund

Class: One--Projects directly related to delivery of water which, if delayed, will adversely impact reliability of service.

Projected Expenditures of Funds:

Through Fiscal Year 1992/93	\$ 2,675,000
Fiscal Year 1993/94	665,000
Total	\$ 3,340,000
(MWD Share including contingencies)	

Project Benefit:

Will allow for deliveries of 700 cfs of untreated water to the DWP Los Angeles Aqueduct Filtration Plant, increase Metropolitan's ability to import additional water from the West Branch of the State Water Project, and increase Metropolitan's ability to provide some water service via DWP's system during Jensen plant outages.

Financial Statement (cont.)

Capital Program for Fiscal Year 1993/94:

Program funds were not included in Fiscal Year 1993/94 because the construction contract was completed in May 1993.

Estimated Additional Annual O&M
Funds Required

\$ 3,000