



MWD

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

8-3

December 8, 1997

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

From: General Manager

Edmund J. Mees III
Gary M. Snyder

Submitted by: Chief Engineer

Subject: Appropriate \$20,500,000 and Amend the Agreement for Construction Management Services for the Eastside Reservoir Project

Reference: Appropriation No. 15123/ Authorization No. 41

RECOMMENDATION(S)

To provide continued construction management services through November 1998 for the Eastside Reservoir Project, it is recommended that your Board:

1. Appropriate \$20,500,000 in budgeted funds to finance the cost of continued construction management services; and
2. Authorize the General Manager to amend an agreement with Southern California Associates (SCA), from a current agreement value of \$59,500,000 by an additional amount of \$20,500,000, for a total agreement value of \$80,000,000.

EXECUTIVE SUMMARY

Southern California Associates (SCA) has been an integral member of the Eastside Reservoir Project construction team for the last three years. SCA was selected through a competitive proposal process to provide construction management (CM) services for the project. In February 1995, an agreement with SCA for the construction phase was executed and initial funds for CM services were appropriated. This amendment has been anticipated and will extend CM services through November 1998. At that time, the cost to complete remaining CM services will be estimated and final funding will be requested to complete this work. Funds have been budgeted for these services through the completion of construction. Construction is scheduled to be complete in late-1999. The total estimated cost of the Eastside Reservoir Project remains unchanged at \$1,972,100,000.

JUSTIFICATION

The work plan for the Eastside Reservoir Project included the utilization of consultant staff melded into an overall Consultant/Metropolitan CM team located at the site. SCA was selected through a competitive proposal process. Extending the existing agreement with SCA will provide continuity in the work and ensure that essential CM services remain in place through completion of construction.

ALTERNATIVE(S) TO PROPOSED ACTION

Use Metropolitan Staff

Metropolitan could determine not to amend the agreement and hire personnel experienced in this type of work which would result in additional administrative costs and probable construction delays.

Reissue Request For Proposal

Metropolitan could reinitiate the selection process for a consultant to perform CM services. However, a competitive process was used for CM services and SCA was selected as the most qualified candidate out of five respondents. Reinitiating the process would result in increased administrative cost and probable construction delays, with no added benefit to Metropolitan.

FUNDING REQUEST

Program Name: Eastside Reservoir Project			
Source of Funds: 1996 Revenue Bond Construction Fund			
Appropriation No.: 15123	Authorization No.: 41	FY 97/98 Budget: \$430,249,600	
Requested Amount:	\$20,500,000	Capital Program No.:	15123-S
Total Appropriated Amount:	\$1,739,052,000	Capital Program Page No.:	E37
Total Program Estimate:	\$1,972,100,000	Program Category:	Supply & Delivery Reliability

ACTIONS AND MILESTONES

1. Started Construction of Major Facilities: March 1996
2. Complete Construction of Major Facilities: Late-1999

CEQA COMPLIANCE / ENVIRONMENTAL DOCUMENTATION

All California Environmental Quality Act (CEQA) requirements have been satisfied for the proposed action. In October 1991, your Board certified the Final Environmental Impact Report for the ESRP. This action satisfied the provisions of CEQA, and no further environmental documentation or reviews are necessary for your Board to take action on these recommendations.

CONTRACT SUMMARY

Contract Status:	Amendment No. #2	Type of Selection:	Competitive Proposals, RFP. No. 132
Contract Form:	Professional Services	Contractors Requesting Plans:	152
Contract Type:	Time & Materials	Proposals Submitted:	5
Evaluation Criteria:	Evaluation based on qualification, expertise, methodology, and cost effectiveness.		

MBE / WBE

Minority-Owned Business Enterprises (MBE), Women-Owned Business Enterprises (WBE), and Other Business Enterprises (OBE) participation goals and actual participation levels are shown below. These goals will remain in place through completion of construction.

	MBE	WBE
Goals	20.5	9.5
Actuals	18.0	6.7

DETAILED REPORT

Request for Proposals No. 132 was issued in November 1994. In February 1995, an agreement was entered into for \$59,500,000 with SCA for CM services. Since that time, the scope of the job has increased in a number of areas, primarily as a result of knowledge gained during the design phase. Such information was not available at the time of execution of the CM services agreement.

Much of the increase occurred in the foundation grouting program, which was in the preliminary design stage when the CM agreement was executed. The grouting program expanded considerably during the design stage, and a decision was made to use a state-of-the-art grout monitoring system. This real time system requires increased monitoring staff, but produces much more effective grouting results. The north rim grouting program has also been added. More than 60 full-time grout monitors are now assigned to this element of work.

In addition, virtually all contractors have elected to work extended shifts and Saturdays in order to meet the project schedule. For example, grouting and tunneling operations

take place around the clock, on triple 8-hour shifts. SCA has in turn increased its inspection staff for multiple-shift operations, which increases inspection cost. DSOD has also mandated a higher frequency of tests and increases in laboratory testing have been required to support this increased testing frequency. SCA has also supplemented its MBE/WBE monitoring programs, and added specialty expertise in labor relations and safety, which were not previously planned. Over 50 full-time personnel have been added to the project for this purpose.

The construction management team is a joint effort between SCA and Metropolitan staff. As the work has developed, SCA has filled more positions than originally planned which has increased CM costs. This, however, is being accomplished at a very favorable fee schedule which will remain unchanged through project completion. SCA is also the major procurement arm for the CM team, and the costs of this effort have increased to support this larger role.

Our evaluation of inspection, laboratory, and grout monitoring activities has disclosed that personnel needs are the minimum required to perform services consistent with the quality requirements of the project.

To that end, a \$20,500,000 increase in Appropriation No. 15123 is required to finance budgeted costs for construction management services through November 1998. As noted above, the total cost of these services will be re-estimated and a final request for funds will be made at that time. The total cost of this agreement is estimated at \$99,434,000. Because these costs have been anticipated for some time, the total estimated cost of the project at completion remains unchanged at \$1,972,100,000 (see Attachment A). On Attachment A, a redistribution of budget and appropriation has been reflected. This is due to construction contracts using their contingencies and a draw down of management reserve funds.

DGM/hjg

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Attachment(s)

FINANCIAL STATEMENT
Eastside Reservoir and Related Facilities
(Program No. 15123-S)

Project Summary:

Total Project

	Current Budget	Redistributed Budget	Current Appropriation	Redistributed Appropriation
Planning	\$ 15,000,000	\$ 15,000,000	\$ 15,000,000	\$ 15,000,000
Land*	360,000,000	358,000,000	334,000,000	334,000,000
Mitigation*	32,681,000	32,681,000	32,681,000	32,681,000
Design	143,158,000	164,212,595	126,973,000	139,371,439
Construction	1,181,260,000	1,265,570,245	1,121,790,279	1,147,275,741
Recreation	58,000,000	60,736,000		
Contingency	182,001,000	75,900,160	108,607,721	70,723,820
TOTAL	\$ 1,972,100,000	\$ 1,972,100,000	\$ 1,739,552,000	\$ 1,739,552,000

* Land costs include \$28.3 million for land purchases at the Santa Rosa Plateau and Shipley Reserve which, when added to non-real estate mitigation costs of \$32.7 million, results in a total mitigation value of \$61 million.

The total cost breakdowns for Authorization Nos. 40 and 41 to Appropriation No. 15123 are shown below:

	AUTHORIZATION NO. 40	AUTHORIZATION NO. 41	REDISTRIBUTED AUTHORIZATION NO. 41
Labor:			
Preliminary Engineering, Final Engineering, and Preparation of Specifications	\$ 26,878,000	\$ 26,878,000	\$ 26,878,000
Construction Management Support, Contract Administration, Inspection and Survey	34,363,000	34,363,000	40,052,921
Labor Subtotal	61,241,000	61,241,000	66,930,921
Materials and Supplies	49,902,698	49,902,698	49,902,698
Right of Way Acquisition	303,500,000	303,500,000	303,500,000
Incidental Expenses	18,537,000	18,537,000	18,537,000
Professional Services	225,099,000	245,599,000	257,997,439
Operating Equipment Use	1,480,000	1,480,000	1,480,000
Administrative Overhead	31,336,000	31,336,000	31,336,000
Construction	922,767,237	922,767,237	942,562,778
Contingencies	108,607,721	108,607,721	70,723,820
Reimbursable from Agencies	-3,918,656	-3,918,656	-3,918,656
TOTAL	\$ 1,718,552,000	\$ 1,739,052,000	\$ 1,739,052,000

Estimated Funds Required:

REVISION	DATE	AMOUNT
Revision No. 1	November 1, 1989	\$ 5,000,000
Revision No. 2	May 2, 1990	45,000,000
Revision No. 3	November 27, 1990	20,000,000
Revision No. 4	February 19, 1991	15,600,000
Revision No. 5	March 26, 1991	12,000,000
Revision No. 6	September 24, 1991	189,100,000
Revision No. 7	January 22, 1993	12,300,000
Revision No. 8	September 17, 1993	112,000,000
Revision No. 9	October 21, 1993	1,670,000
Revision No. 10	June 28, 1994	987,000
Revision No. 11	July 18, 1994	952,000
Revision No. 12	July 25, 1994	19,621,000
Revision No. 13	November 29, 1994	94,100,000
Revision No. 14	December 23, 1994	56,758,000
Revision No. 15	December 23, 1994	22,331,000
Authorization No. 16	February 7, 1995	59,500,000
Authorization No. 17	February 7, 1995	23,319,000
Authorization No. 18	May 8, 1995	9,977,000
Authorization No. 19	November 14, 1995	540,000
Authorization No. 20	December 26, 1995	4,500,000
Authorization No. 21	December 26, 1995	440,945,000
Authorization No. 22	December 26, 1995	29,400,000
Authorization No. 23	December 26, 1995	15,250,000
Authorization No. 24	January 30, 1996	2,160,000
Authorization No. 25	February 27, 1996	390,000
Authorization No. 26	February 27, 1996	3,523,000
Authorization No. 27	March 26, 1996	3,000,000
Authorization No. 28	April 30, 1996	790,000
Authorization No. 29	April 30, 1996	7,600,000
Authorization No. 30	August 6, 1996	3,600,000
Authorization No. 31	August 6, 1996	3,000,000
Authorization No. 32	August 27, 1996	16,400,000
Authorization No. 33	August 27, 1996	315,000,000
Authorization No. 34	September 24, 1996	2,876,000
Authorization No. 35	November 5, 1996	863,000
Authorization No. 36	November 5, 1996	74,700,000
Authorization No. 37	December 17, 1996	48,800,000
Authorization No. 38	January 30, 1997	1,400,000
Authorization No. 39	August 19, 1997	27,900,000
Authorization No. 40	August 19, 1997	7,400,000
Authorization No. 41	December 16, 1997	20,500,000
Remaining		233,048,000
TOTAL		\$ 1,972,100,000

Source of Funds: 1996 Revenue Bond Construction Fund

Class One: Projects directly related to delivery of water.

Projected Expenditures of Funds:

Through	Fiscal Year 1996/97	\$1,066,125,400
	Fiscal Year 1997/98	390,078,000
	Fiscal Year 1998/99	338,994,500
	Fiscal Year 1999/2000	94,975,800
	Fiscal Year 2000/2001	5,853,500
	Fiscal Year 2001/2002	2,060,800
	Contingency	<u>74,012,000</u>
	TOTAL	\$ 1,972,100,000