



● **Board of Directors**  
**Engineering and Operations Committee**

October 12, 1999 Board Meeting

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9-2

**Subject**

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Amendment to Parsons Infrastructure and Technology Group, Inc. Agreement for completion of Eastside Reservoir Project Program Management Services at a cost of \$930,000.

**Description**

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Program Management services are required for budget, cost and schedule control, cost estimating support, design management services and construction support services for ongoing and remaining Eastside Reservoir Project contracts. It is essential to retain the services of these experienced personnel during project completion and closeout activities. Funds for Program Management services are included in the Project budget and within the available appropriation. The Eastside Reservoir Project budget remains at \$2.087 billion.

**Policy**

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Administrative Code Article 8117: Professional and Technical Consultants.

**Board Options/Fiscal Impacts**

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**Option #1**

Authorize the General Manager to amend the agreement with Parsons Infrastructure and Technology Group, Inc. (Parsons) to complete ongoing Program Management support services needed to complete the Eastside Reservoir Project (ESRP). Parsons was selected through a competitive process and has been working on the project since 1992.

**Fiscal Impact:** \$930,000 of budgeted funds.

**Option #2**

Redeploy existing staff from other ongoing projects for these purposes; however, the project would lose the most-experienced staff during the critical project closeout period. Redeployed staff likely would be unable to meet the project tracking and reporting requirements. Redeployment would also result in inefficiencies due to training of staff late in the project cycle and potential delays in the financial information provided to the Board, all of which would disrupt the project and incur other project costs.

**Fiscal Impact:** This option may or may not result in cost less than \$930,000. Administrative costs would increase.

**Staff Recommendation**

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**Option #1:** Authorize the General Manager to amend the agreement with Parsons for support services needed to complete Eastside Reservoir Project (ESRP) forecasted to conclude project closeout activities by August 2000. This would amend the agreement, by an additional amount of \$930,000, from a current value of \$20,620,000 to a total of \$21,550,000.

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Roy L. Wolfe  
Acting Manager, Corporate Resources

Date

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General Manager

Date

## **Background**

Although work to complete the functional needs of the reservoir will be completed in January 2000 with initial filling of the reservoir, and in May 2000 with final commissioning of the pumps, additional completion and closeout activities will be underway which require Program Management (PM) support services by experienced staff through August 2000.

Because of the strong familiarity and efficiency of the current consultant staff with the work requirements, and the need for experienced staff during the closeout period, it is critical that these services be continued. Project controls staff is continuously dealing with 57 active line items of work for which accurate cost and schedule control is required for proper execution of work. Project closeout activities also require experienced personnel to focus on final schedule, budget and incurred costs during the closeout period following notice of substantial completion. Other critical project controls work includes maintenance of an extensive document control system and documentation of work products for the entire project, continued implementation of project management procedures, maintenance of project reports, and development and maintenance of a detailed monthly report to staff and the Board of Directors. These activities are essential to maintain proper control of the project.

In October 1992, your Board authorized the General Manager to enter into an agreement with The Ralph M. Parsons Company (Parsons), now known as the Parsons Infrastructure and Technology Group, Inc., to provide Program Management services for the Project. These services consisted of establishing project operating procedures, implementation of design management procedures and systems, project management support, contract and administrative support, and implementation of scheduling, cost control, estimating and document control systems. The maximum amount payable for the initial phase of work under this agreement was \$6,000,000. Additional services were anticipated as the Project proceeded through design and construction. Only critical closeout personnel are being retained to perform these services. Parsons has reduced its administrative staff to the minimum and made arrangements for Metropolitan staff to transition into these positions.

In April 1994, an amendment was approved to continue these services through completion of final design in November 1995. The maximum amount payable under the amended agreement was \$8,950,000.

Because of an extended period of design, a second amendment was approved in October 1995 to extend PM services through September 1996 and to increase the maximum amount payable to \$11,450,000. This completed PM needs during the design phase of the Project.

In September 1996, an amendment was approved to extend services through September 1998, providing PM support during construction of the Project. The agreement was extended to a maximum amount payable of \$14,326,000, anticipating a further amendment once a better assessment of additional funding needs were known based on actual work experience.

In February 1998, an amendment was approved to increase project funding to a maximum amount of \$20,620,000 with the understanding that the agreement would be amended a final time based on an assessment of needs through project completion.

At the beginning of the year Parsons had 16 personnel. The staff has been reduced to seven with further reductions planned after the beginning of the year.

We are now proposing to amend the agreement for an additional amount of \$930,000 to fund work through August 2000, which is now anticipated to be the time of final project closeout.