

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

October 11, 2005 Board Meeting

8-3

Subject

Authorize an increase of \$2.1 million in change order authority for the Jensen Oxidation Retrofit Program

Description

The Joseph Jensen Water Treatment Plant was placed into service in 1972 with an initial capacity of 350 million gallons per day (mgd). The plant was expanded in the early 1990s to its current capacity of 750 mgd. The Jensen plant exclusively treats State project water (SPW) and delivers treated water to Metropolitan's Central Pool portion of the distribution system.

Jensen Oxidation Retrofit Program (No Additional Funds Required)

The Oxidation Retrofit Program (ORP) at the Jensen plant consists of retrofitting the plant with an ozonation process that will replace chlorine as the primary disinfectant. Construction activities for the Jensen ORP are nearing completion as the ozonation facilities are now operational.

In September 2002, Metropolitan's Board awarded Contract 1550 in the amount of \$69.729 million to Kiewit Pacific Co. to construct Jensen ozone facilities to support a plant flow of 500 mgd. In July 2003, Metropolitan's Board authorized a change order in the amount of \$15.5 million to increase the Jensen ORP treatment capacity from 500 mgd to 750 mgd. This change provided Metropolitan with the flexibility to treat more SPW at Jensen as reductions of Colorado River Aqueduct flows were identified. This approach was recommended as the most expeditious and cost-effective means to complete the installation of ozone for the full 750-mgd capacity of the Jensen plant.

In addition to the expansion work, staff has approved change orders under the Chief Executive Officer's Administrative Code authority totaling \$3.1 million. These change orders were for various critical work items identified during the course of construction but which had not been included in the original contract documents. Examples of these change orders include: (1) Acceleration of construction work following severe weather delays during winter 2004/2005, in order to meet critical shutdown dates in early 2005; (2) Unanticipated additional earthwork for new liquid oxygen tank foundations and for new Contactors 5 & 6; and (3) Utilizing the contractor for procurement of ozone diffusers instead of being purchased directly by Metropolitan. This approach allowed staff to evaluate the performance of similar ozone diffusers used for the Mills ORP project.

The total change orders issued to date are approximately \$18.6 million, including the expansion work (\$15.5 million) and the aforementioned critical items (\$3.1 million). At this time, a number of additional undisputed change orders are pending with the contractor that in aggregate may reach \$2.1 million, an amount which, when combined with the previously issued change orders, would total \$20.7 million. This total would exceed the existing board-authorized change order authority of \$18.986 million for this project, but would remain within the existing appropriation. These extra work activities were directed by staff to address an assortment of issues that were discovered during the construction work. Examples of these change orders include: (1) Modifications to equipment controls, and integration into the plant's SCADA system; (2) Off-haul of stockpiled excavated material; (3) Electrical-related changes; and (4) Mechanical-related modifications to chemical systems and tank farms, ozone/oxygen piping systems, and Uniform Fire Code compliance issues. The extra work provided improved plant reliability and efficiency, and addressed complex issues of integrating the 750-mgd expansion work with the original construction scope of work. Authorization of this increased change

order authority is necessary to compensate the contractor for these undisputed issues. In the future, additional change order authority may be requested to address disputed items or potential claims.

This action authorizes an increase in the CEO's authority to execute change orders with Kiewit Pacific Co. from \$18.986 million to an aggregate amount not to exceed \$21.086 million. No additional funds are required with this action, as sufficient funds are available within the existing appropriation.

This project has been evaluated and recommended by Metropolitan's Capital Investment Plan Evaluation Team and funds have been included within the fiscal year 2005/06 capital budget. See [Attachment 1](#) for the Location Map.

Policy

Metropolitan Water District Administrative Code Section 8115: Negotiated Contracts

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA because it involves continuing administrative activities, such as general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed action is not subject to CEQA because it involves other government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment (Section 15378(b)(4) of the State CEQA Guidelines).

The CEQA determination is: Determine that the proposed action is not subject to CEQA pursuant to Sections 15378(b)(2) and 15378(b)(4) of the State CEQA Guidelines.

CEQA determination for Option #2:

None required

Board Options/Fiscal Impacts

Option #1

Adopt the CEQA determination and authorize an increase of \$2.1 million in the CEO's change order authority, from \$18.986 million to \$21.086 million, for the Jensen ORP project.

Fiscal Impact: None. Sufficient funds have already been appropriated.

Option #2

Do not authorize the CEO to issue additional change orders and instead seek authority for individual changes as the issues are identified and negotiated.

Fiscal Impact: Potential increases in costs due to delay in authorizing the contractor to make necessary changes while board authority is sought.

Staff Recommendation

Option #1



Roy L. Wolfe
Manager, Corporate Resources

9/20/2005
Date



Dennis B. Underwood
CEO/General Manager

9/26/2005
Date

Attachment 1 – Location Map

BLA #3937

