

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Public Works	(2) MEETING DATE 12/17/2013	(3) CONTACT/PHONE John Waddell, Los Osos Wastewater Project Manager (805) 781-5252	
(4) SUBJECT Request approval of 1) Amendment No. 2 with HDR Engineering, Inc. in the amount of \$2,840,642 for Construction Management Services for construction of the Collection System (increasing the contract amount from \$6,891,632 to \$9,732,274) and 2) authorization of Engineering Services during construction of the Water Recycling Facility, under the existing agreement with Carollo Engineers, in the amount of \$1,444,099 for a revised total contract amount of \$4,826,599, Los Osos Wastewater Project, Los Osos. District 2.			
(5) RECOMMENDED ACTION It is our recommendation that your Honorable Board: <ol style="list-style-type: none"> 1. Approve the attached amendment No. 2 to the agreement for professional engineering services with HDR Engineering, Inc. in the amount of \$2,840,642 (increasing the total authorized agreement amount from \$6,891,632 to \$9,732,274) for construction management services during construction of the Collection System and direct your Board Chair to execute; and 2. Authorize Carollo Engineers to proceed with the Construction Phase and Post-Construction Phase services under the existing approved agreement in the amount up to \$1,444,095 (\$1,375,329 fee estimate for basic services and \$68,766 as a contingency fund) as set forth in the agreement for professional engineering services for the design of the Water Recycling Facility which was approved by your Board on November 6, 2012 in a total contract amount of \$4,826,599. 			
(6) FUNDING SOURCE(S) Fund Center 430	(7) CURRENT YEAR FINANCIAL IMPACT \$4,284,737.00	(8) ANNUAL FINANCIAL IMPACT N/A	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ___) <input type="checkbox"/> Board Business (Time Est. ___)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input checked="" type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) 19001354		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date: 12/13/11, # 30; 11/6/12, # 20; 6/18/13, #19;	
(17) ADMINISTRATIVE OFFICE REVIEW <i>Nikki J. Schmidt</i>			
(18) SUPERVISOR DISTRICT(S) District 2 -			

Reference: 13DEC17-C-6

County of San Luis Obispo



TO: Board of Supervisors
FROM: Public Works
John Waddell, Los Osos Wastewater Project Manager
VIA: Dave Flynn, deputy Director of Public Works
DATE: 12/17/2013

SUBJECT: Request approval of 1) Amendment No. 2 with HDR Engineering, Inc. in the amount of \$2,840,642 for Construction Management Services for construction of the Collection System (increasing the contract amount from \$6,891,632 to \$9,732,274) and 2) authorization of Engineering Services during construction of the Water Recycling Facility, under the existing agreement with Carollo Engineers, in the amount of \$1,444,099 for a revised total contract amount of \$4,826,599, Los Osos Wastewater Project, Los Osos. District 2.

RECOMMENDATION

It is our recommendation that your Honorable Board:

1. Approve the attached amendment No. 2 to the agreement for professional engineering services with HDR Engineering, Inc. in the amount of \$2,840,642 (increasing the total authorized agreement amount from \$6,891,632 to \$9,732,274) for construction management services during construction of the Collection System and direct your Board Chair to execute; and
2. Authorize Carollo Engineers to proceed with the Construction Phase and Post-Construction Phase services under the existing approved agreement in the amount up to \$1,444,095 (\$1,375,329 fee estimate for basic services and \$68,766 as a contingency fund) as set forth in the agreement for professional engineering services for the design of the Water Recycling Facility which was approved by your Board on November 6, 2012 in a total contract amount of \$4,826,599.

DISCUSSION

On September 20, 2006, California State Governor Arnold Schwarzenegger signed Assembly Bill 2701 (Blakeslee) which allowed the County, at your Board's discretion, to assume responsibility for development of a wastewater project for the community of Los Osos. Since 2006, environmental permits and funding approvals have been obtained, and on March 15, 2011, your Board adopted the Due Diligence resolution to assume responsibility for the project and proceed to project completion. The adoption of the Due Diligence resolution predicated your Board's action on May 17, 2011, to approve the \$173 million project budget.

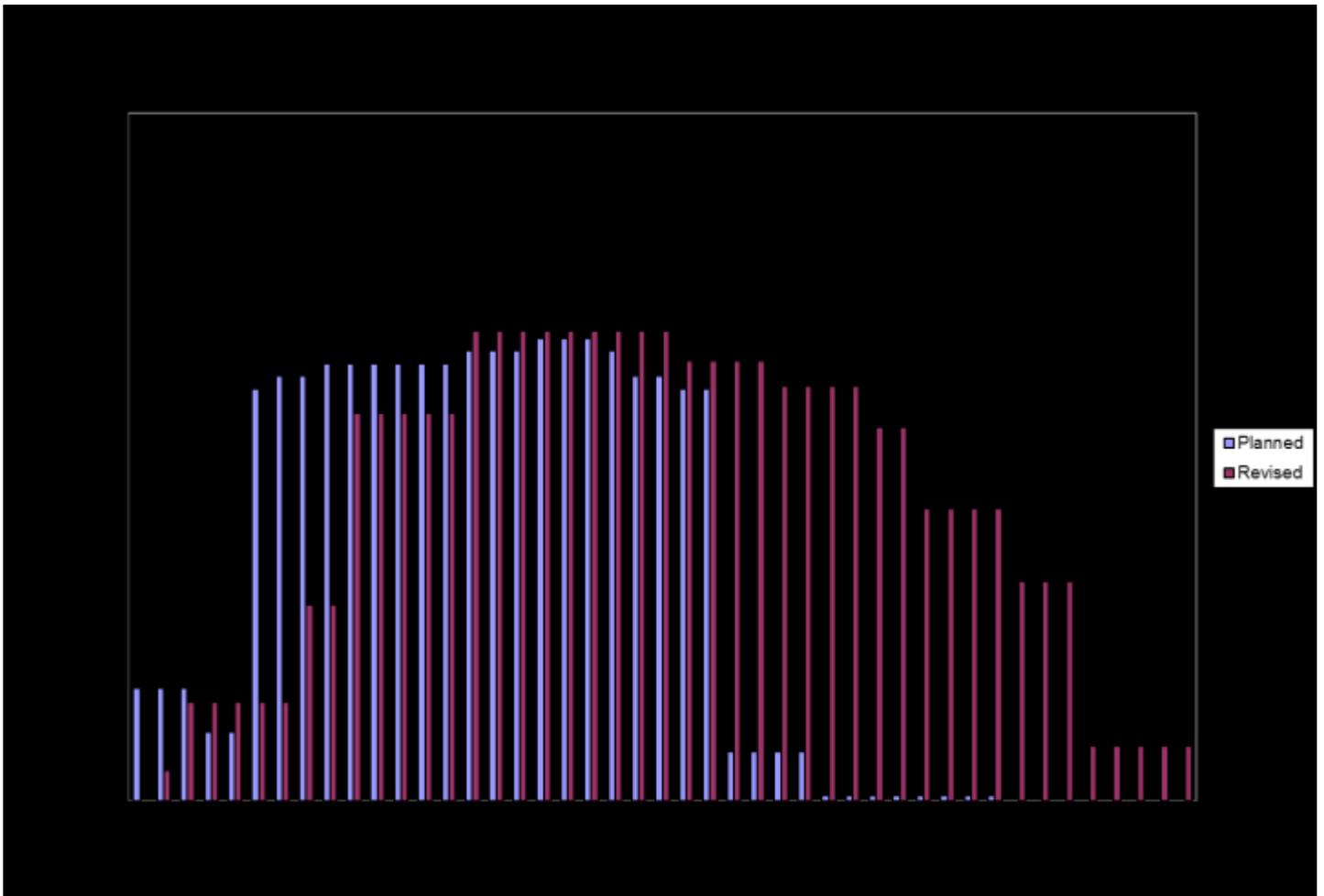
The collection system portion of the project is currently in construction under separate contracts. The pipeline contracts, which constitute the major part of the work, are more than 75% complete and scheduled to finish by September 2014. The collection system pump stations contract is scheduled to be completed by May 2015. The final portion of the project is the water recycling facility, for which bids were received on November 25. The bids are currently being evaluated and the apparent low bid is for \$46,390,171, or about \$200,000 under the Engineer's Estimate. A staff report being prepared for recommendations to award the contract, which is expected to be presented to your Board in January.

Today's recommendations are related to engineering consulting services for the construction of ongoing collection system contracts and the upcoming water recycling facility contract.

Collection System Amendment for Construction Management Services – HDR Engineering

An engineering services agreement with HDR Engineering for the construction management of the collection system was approved by your Board on December 13, 2011. At that time the duration of the collection system construction was assumed to be 18 months. The Request for Proposals process, and the subsequent fee estimate in the approved agreement, was based on an assumed 18 month construction schedule. However, during the completion of the final design and constructability review, the schedule for the construction contracts was extended in order to realize lower bid prices. The collection system contracts ultimately included schedules of 2 years for the pipeline contracts and 2½ years for the pump stations contract.

The scope of HDR's construction management agreement calls for full time on-site contract administration and inspection by a team of professionals to manage the \$65 million in construction contracts. The extended construction schedule has reduced some costs, on a monthly basis, from what was originally estimated – for example, the required number of tests of certain materials are spread out over a longer schedule. However, much of the costs are for staffing of engineers and inspectors who are dedicated to the project for the duration of the contracts and are relatively fixed costs. The fixed costs in the approved agreement were assumed to be provided for 18 months, but are now required for up to 30 months. A graphic comparing the fixed and variable costs of the planned 18 month schedule to the actual 30 month schedule is provided in the chart, below.



Lateral change requests from individual property owners have also resulted in cost increases for the construction management services. The location of the sewer lateral to each property was based on the Los Osos Community Services District's 2005 project, with considerable input from property owners on their preferred location of the lateral. The County's design process reviewed the laterals to ensure that they would function properly, and included additional outreach to property owners. However, after the start of construction, the project team began receiving a significant volume of requests from property owners to confirm or relocate the lateral connect point. To date, there have been about 850 requests to relocate laterals. The project team, including HDR and the surveying sub-consultant, has worked to accommodate almost all of the requests, since this is the single interface that exists between the project and most properties. The cost impacts of these changes to the construction management team are largely the result of additional survey efforts, as the lateral locations are staked multiple times.

The requested amendment is necessary to continue HDR's construction management services through the end of collection system construction in order to administer the contract, inspect the work, and coordinate with the public in Los Osos. The not-to-exceed amount establishes a revised budget to meet the actual schedules in the construction contracts and reflects the additional services that HDR has already provided.

Water Recycling Facility Construction Services Authorization – Carollo Engineers

An engineering services agreement with Carollo Engineers for the design of the water recycling facility was approved by your Board on November 6, 2012. The agreement included scope and fee estimates for all aspects of the planned services, including final design, bidding, construction, and post-construction phases. However, the agreement and corresponding Board actions of November 2012 authorized the final design and bidding phases only in an amount of \$3,382,504. It is now required that your Board authorize the necessary work, proceeding with the construction services under the agreement, and the corresponding increase in the contract budget. This would bring the total contract amount to \$4,826,599 for authorized services.

The design engineer's role during the construction phase is critical to ensuring a quality product and the successful completion of the construction. It also protects the County from liability by keeping the designer involved in verifying that the design intent of their work is followed during construction and that they remain liable for any design errors. The scope of work primarily includes supporting the on-site construction management team in reviewing and answering requests for information from the contractor, reviewing material and equipment submittals to ensure they meet the specifications, preparing revisions to the plans and specs as needed for changes during construction, providing technical assistance with the facility start-up and completing warranty inspections of the facility to determine if corrections need to be made under the warranty.

OTHER AGENCY INVOLVEMENT/IMPACT

The U.S. Department of Agriculture (USDA) and State Water Resources Control Board (SWRCB) are jointly financing the Project and provide oversight of engineering and consulting agreements and construction contracts. Numerous other federal, state and local agencies are involved in the project. County Counsel is providing legal guidance on all aspects of the project and has approved the attached contract as to legal form and effect.

FINANCIAL CONSIDERATIONS

The recommended amendment and services authorization are for services necessary and planned for the completion of the Project and is within existing authorized budget. The Project budget, which was approved by your Board on May 17, 2011, includes all costs and contingencies for the project, some of which will be funded by grants. A budget status update is attached as Exhibit "A".

RESULTS

Approval of the recommended action will provide necessary engineering services for project construction, which continues the progress toward a community wastewater project for Los Osos. Completion of the Project will contribute to the County's goal of providing a safe and healthy community.

File: Los Osos WWP 300448.00.1.4

Reference: 13DEC17-C-6

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ATTACHMENTS

1. Exhibit A - Budget Status Update
2. Amendment No. 2 to Agreement for Professional Engineering Services with HDR Engineering, Inc.
3. Agreement for Professional Engineering Services with Carollo Engineers, Dated November 6, 2012