



Request for City Council Committee Action From the Department of Public Works

Date: September 27, 2011
To: Honorable Sandra Colvin Roy, Chair Transportation & Public Works Committee
Subject: Increase HDR Engineering Contract for Dewatering Plant Improvements

Recommendation:

Authorize the proper City officials to increase the contract budget with HDR Engineering, Inc. by \$400,000 for engineering services for the Dewatering Plant Improvements project, to a total of \$3,070,000, and extend the contract duration until completion. The amount is within the project budget (07400-9010950-Project CWTR22) and no additional appropriation is required.

Previous Directives:

- January 28, 2011, City Council authorized an increase the scope of services with HDR Engineering, Inc. by \$200,000 for engineering services for the Dewatering Plant Improvements project, to a total of \$2,670,000.
- October 2, 2009, City Council accepted an increase to the scope of services of HDR Engineering, Inc. by \$470,000 for engineering services for the Dewatering Plant Improvements project, to a total of \$2,470,000.
- August 28, 2009: City Council accepted \$2 million of "principal forgiveness" funds from the American Recovery and Reinvestment Act of 2009 (ARRA), and a series of recommendations to approve the appropriation for and funding of the project.
- August 28, 2009: City Council accepted the low bid of Graham Construction Services, Inc for an estimated expenditure of \$19,220,000 for construction of the dewatering plant improvements.
- March 27, 2009: City Council authorized negotiation and execution of an agreement with a consultant from the Public Works Consulting Pool for engineering design and construction supervision of the Dewatering Plant Improvements project at the Minneapolis Water Works Facility for an approximate amount of \$2,000,000.

Prepared by: Dale A. Folen. P.E., Senior Professional Engineer, Public Works - Water x4908

Approved by:

Steven A. Kotke, P.E., City Engineer, Director of Public Works

Presenters: Dale A. Folen, Water Treatment and Distribution Services

Reviews

Permanent Review Committee (PRC): Approval ___ Date _____

Civil Rights Approval Approval ___ Date _____

Policy Review Group (PRG): Approval ___ Date _____

Financial Impact

Within Department Budget

Background/Supporting Information

In early March of 2009 the City became aware of potential grant funding for our Dewatering improvements project within the American Reinvestment and Recovery Act (ARRA) of 2009. To meet the aggressive timelines of this act we drafted an RFP in 7 days and issued it for review by our pool of water specialty consultants. They reviewed and estimated the cost of all work for the design and construction effort in seven days. On March 27, 2009 the City entered an agreement with a consultant pool team of HDR Engineering, Inc. with subconsultants Howard R. Green Company, and Luken Architecture, P.A. to provide design and engineering services for the Dewatering Plant Improvements project. Our team met the required timelines which allowed the City to capture of \$2,000,000 in ARRA "principal forgiveness" (grant) funding.

Subsequent to that time, City staff submitted an application for "Green Reserve" funds under the ARRA, and the City was awarded an additional \$1,040,092 in principal forgiveness funds. The remaining project costs are being financed by a low interest note (loan) through the Drinking Water Revolving Fund and the ARRA.

The General Contractor has requested two time extensions during the Construction phase. Several additional issues have been identified that have caused more significant time involvement by the Engineering consultants than originally anticipated.

To continue the effort to bring the project to successful completion, HDR Engineering has requested extra fees to cover the unanticipated time requirements. They have requested a budget of up to \$400,000 beyond the amount in the previous authorizations.

The cost of engineering consultants for the design and construction phases of the project has been about 15.3 percent of the construction budget. The total amount remains within the overall project budget, since other segments of the project have cost less than their initial budgets.

City staff has reviewed the fee modifications and agree that they are reasonable, and further expect that this should be the last amendment to the engineering fee for this project. The engineering contract period should extend past the 1-year construction contractor's warranty, into late 2013.

The project began operation in September 2011, with final clean-up and punch-list work being completed in the fall.

A separate Request for City Council Committee Action has been submitted for an amendment to the General Contractor's agreement to cover changes during construction.

CC: Pamela Fernandez, Contract Management