

CRESTLINE SANITATION DISTRICT

MEMORANDUM

DATE: June 27, 2024

TO: BOARD OF DIRECTORS
Crestline Sanitation District

FROM: DAWN GRANTHAM
General Manager

SUBJECT: Cost Increase for Huston Creek Wastewater Primary Clarifier
and Dewatering Building Improvements (“Project”)

A. RECOMMENDATION

I am recommending a contract cost amendment to increase the budgeted amount for the Construction Management for the Project by \$100,000.00.

B REASON FOR RECOMMENDATION

Webb Associates has exhausted their contract amount of \$887,300.00 for the Project. This amount was to cover 500 hours and the Project has exceeded those hours due to construction change orders and inclement weather. Work is anticipated to start in August and end in October.

C. OTHER INFORMATION

The changes that require additional work for the Project are:

Construction Management

Labor Compliance costs

Details are on the request submitted by Webb Associates

D. FISCAL INFORMATION

The cost increase requested is \$100,000.00

E. ATTACHMENTS

Request for Contract Amendment letter from Webb Associates



Dawn Grantham
General Manager
Crestline Sanitation District
24516 Lake Drive, P.O. Box 3395
Crestline, CA 92325-3395

June 24, 2024

RE: Huston Creek WWTP Primary Clarifier and Dewatering Building Improvements
 Budget Amendment Request No. 1 for Additional Construction Management and Inspection
 Services Due to Project Extension

Dear Dawn,

WEBB is requesting a budget amendment for additional Construction Management and Inspection (CMI) Services for the subject project due to extended schedule and delays beyond our control. The original construction duration for this project was 500 calendar days. WEBB's proposal dated June 8, 2021 included services for the anticipated construction duration and 1 additional month for project closeout, 18 months total.

Construction started in February 2022 and is still underway. The project has incurred delays totaling 376 calendar days (12 months) due to inclement weather, COVID-19, and electrical equipment delays. The current completion date is scheduled for August 20, 2024 (per Change Order 2 from 9/1/23). The latest construction schedule submitted by the Contractor shows a completion date of October 22, 2024 due to additional electrical equipment delays. Below is a summary of the key points of additional CMI work required for the project.

- Additional CMI services have been required throughout the extended project duration from 18 months to 29 months. WEBB has strategically reduced involvement when possible to extend the original budget to cover the additional time to date. The WEBB budget has been exhausted even with the reduced hours during the delays.
- SRF loan requirements for labor compliance continued throughout the delay which will be a total of 14 additional months of coverage.
- WEBB provided additional service to the District by providing electrical support and preparing loop drawings. This work was originally in the District's scope of work. Due to workload and the specialty nature of the work, the District requested WEBB provide this service through SKM.

WEBB discussed the budget concerns in person with the District in the Fall of 2023 and followed up by email in 2024. It was agreed to wait to prepare the amendment until the Contractor's schedule was known to complete the project. We received the schedule the week of June 10, 2024 and set up a meeting to discuss with the District on June 17, 2024.

In summary, WEBB has been able to extend our approved budget to cover the delays and additional work to date, but the WEBB budget is exhausted and a budget amendment is needed to continue providing service to the District to oversee the project for 3 months for electrical installation, startup, commissioning, testing, and project closeout.

WEBB has worked to mitigate additional costs resulting from the delays. It is our goal to continue to provide excellent service to the District. We have prepared this letter so we can work with the District on the best path forward to finish this project. Here are 3 options:

1. Continue with full-time inspection whenever the Contractor is in the field and maintain level of construction manager involvement. We anticipate an additional fee of approximately \$160k for this option.
2. Reduce inspection to part-time and reduce construction management involvement whenever possible. Most of the remaining work is above-ground and can be inspected on an as-needed basis. Additional funds will be needed for the 3 months estimated at \$100k, which includes additional assistance from SKM with the loop drawings and programming coordination, extended services for geotechnical material testing, and additional labor compliance monitoring.
3. Reduce WEBB involvement to a very limited scope to stay within the original budget. The District would need to take over the majority of the management and inspection of the project.

We are very interested in the success of this project and look forward to seeing it through completion with the District. We would be happy to continue with Option 1, but understand that budget concerns may not allow this level of service. We are confident that Option 2 is a feasible option to provide the oversight the District needs to finish the project. We do not recommend proceeding with Option 3. WEBB will hold the hourly rates per the original Contract to finish the project rather than increase rates to our current fee schedule.

WEBB continues to try to minimize the impact of this additional cost and construction change orders. Here are a few items to be noted:

- WEBB is preparing a notice to the Contractor that the District is considering exercising the liquidated damages clause for the additional delay from August 20 through October 22 at \$500/calendar day per the contract.
- Please note that the construction contract has approximately \$75k remaining in the T&M Field Work Order item that is anticipated to be a credit to the contract.
- The total amount of all change orders to date is \$188,108 which is less than 2% of the overall construction cost. Typically, projects of this magnitude have a contingency of 10%. Also, \$130k of the total change orders was directed by the District for additional asphalt removal and repaving.

Based on our conversations with the District, we are requesting a budget amendment for an additional \$100,000 to cover all additional services through October 2024. We will continue to bill on a time and materials basis and be judicious with our time spent on the project to minimize additional costs for the District. Thank you for your continued partnership on this important project. We look forward to seeing it through successful completion with the District. Please let me know if you have any questions.

Sincerely,



Reed Chilton, PE

Director of Construction Management and Inspection

951-830-5746

reed.chilton@webbassociates.com