Rock Island Office and Multi-purpose Room Business Case

August 5, 2019
Today’s Objectives

- Discuss C-19 Business Case Re-Evaluation From 6/3/19 Board Meeting
- Rock Island Office- Why and Where
  - Design Development-Start To Finish
    - Initial Plan
    - What Changed
    - A Business Case To Change Design
- Provide Recommendation & Next Steps
  - Select A Final Alternative and Initiate Final Design
  - Plan For Board Resolution and Actions in November 2019
  - No Action Requested Today
We Left Off June 3, 2019
Recommendation

2. Contract For GC/CM Work & Re-Evaluate C-19 Business Case

- Execute Guaranteed Maximum Price Amendment With GC/CM For Approx. $21.2M ✓
- Begin Construction July 2019, Complete Work August 2020 ✓
- Complete Highest Priority Work Before PH2 Rehab Starts ✓
- Complete C-19 Design, Final Estimate and Business Case
C-19 1st Floor Layout
(60% Design Phase)
C-19 2nd Floor Layout
(60% Design Phase)
Site Plan May 2019

$36.4M Committed Spending, $3.7M Remaining Budget
Alternative 1 Rehab, Modulars, and Replacements
(No New C-19 Building)

Modular Office Rental $2M/10Yrs

Large Meeting Room Not Adjacent to Crews

Net Life Cycle Cost/Benefit $8.5M
Alternative 2 C-19
Located At Deck Level

Net Life Cycle Cost/Benefit $6.8M
What Has Changed....

Office is Isolated

Ongoing PH 1 & PH 2 Project Congestion

PUD Resources Here:
Fabrication
Blast
Tool

Heavy Fab.
Paint
Haz. Mat.

Machine
Warehouse
Oil Strg

PH 2 Design-Build Finalists Plan To Occupy C-5

Staging Area
Changes From 2018 to 2019

• **Powerhouse 2 Rehab. Contractors**
  - Plan To Use Maint. Yard Office & Use Other Facilities
  - Seek To Integrate With District EPMD Team
  - Leads to EPMD Office (C-19) At Maint. Yard

• **District Seeks to Consolidate Shop, Storage, Crew Building and Large Meeting Room In One Area**
  - Better Communication and Work Efficiency
  - Leads to Meeting Room (C-19) At Maint. Yard

• **Staging Area Congestion Caused By Planned Projects**
  - Continued Powerhouse 1 Rehab.
  - Powerhouse 2 Crane Refurbishment
  - Powerhouse 2 Rehab.
  - Rock Island Spillway Rehab.
Alternative 3 C-19 In Upper Yard

- Maintain Open Area & Locate C-19 In Maint. Yard
- Move C-21 West

Net Life Cycle Cost/Benefit $6.8M
## Alternative Comparison

<table>
<thead>
<tr>
<th></th>
<th>#1: Mod &amp; Rehab</th>
<th>#2: C-19 @ Deck</th>
<th>#3: C-19 @ Yard</th>
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</thead>
<tbody>
<tr>
<td><strong>NPV</strong></td>
<td></td>
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<tr>
<td>Go Forward Cost</td>
<td>$\leq 8.5 , M$</td>
<td>$6.8 , M$</td>
<td>$7.6 , M$</td>
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<tr>
<td>Benefit</td>
<td>$&gt; 0$</td>
<td></td>
<td>$0.8 , M$</td>
</tr>
<tr>
<td><strong>Net Cost / Benefit</strong></td>
<td>$\leq 8.5 , M$</td>
<td>$6.8 , M$</td>
<td>$6.8 , M$</td>
</tr>
<tr>
<td>Budget Increase:</td>
<td>$2 , M_0 + \leq 2.1 , M_{1-10}$</td>
<td>$3.1 , M$</td>
<td>$3.9 , M$</td>
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<tr>
<td><strong>Qualitative</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Safety</td>
<td>Middle</td>
<td>Poor</td>
<td>Best</td>
</tr>
<tr>
<td>Communication</td>
<td>Poor</td>
<td>Poor</td>
<td>Better</td>
</tr>
<tr>
<td>Efficiency</td>
<td>Middle</td>
<td>Poor</td>
<td>Best</td>
</tr>
<tr>
<td>Standardization</td>
<td>Poor</td>
<td>Better</td>
<td>Better</td>
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</table>
# Laying Out the Pros and Cons

<table>
<thead>
<tr>
<th>Alternatives</th>
<th>Pros</th>
<th>Cons</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1: Mod &amp; Rehab</td>
<td>+ Valuable open space years 11-50</td>
<td>- Does Not Meet Standards</td>
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<tr>
<td></td>
<td>+ Lower initial budget</td>
<td>- Higher cost in the long-run</td>
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<tr>
<td></td>
<td>+ Long-term flexibility</td>
<td></td>
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<tr>
<td>#2: C-19 @ Deck</td>
<td>+ Least cost alternative going forward</td>
<td>- Valuable open space is gone</td>
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<tr>
<td></td>
<td>+ Facility standardization</td>
<td>- Increased congestion</td>
</tr>
<tr>
<td></td>
<td>+ 50-year construction</td>
<td>- Impaired safety and efficiency</td>
</tr>
<tr>
<td>#3: C-19 @ Yard</td>
<td>+ Valuable open space years 1-50</td>
<td>- Higher go-forward cost than #2</td>
</tr>
<tr>
<td></td>
<td>+ Facility standardization</td>
<td></td>
</tr>
<tr>
<td></td>
<td>+ 50-year construction</td>
<td></td>
</tr>
<tr>
<td></td>
<td>+ Best aligned with HPI/OE Culture</td>
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</table>
Recommendation & Next Steps

• **Recommend Alternative 3**
  - Best Site Based on Current Knowledge
  - Reduces Congestion Improves Safety and Efficiency
  - Improves Flexibility For Future Uses At Upper and Lower Areas
  - Optimize Location & Integration With Other Facilities
  - Benefits Exceed Other Alternatives

• **Next Steps**
  - Design Alternative 3
  - Close-Out Resolutions August and September
    - 19-03 Rock Island Dam Lower Facilities Utility Project-$222,400
    - 18-09 Rock Island Hydro Site Utility Improvements-$1,757,402
  - November 2019 Budget & 5-yr Plan Amendment
  - November 2019 Resolution GC/CM Contract Amendment
Lessons Learned

• We Valued What We Would Gain, But Not What We Would Lose.

• In The Initial Analysis, We Undervalued The Opportunity Cost of Building On Certain Sites: There Is Value In Keeping Open Areas.

• This Project May Have Benefited From More Thorough Evaluation and Commitment To Design Criteria At Conceptual Design. Better Communication With Hydro Management May Have Reduced Site Work, Design, and Project Management

• Continuing Evaluation Allows The District To Make Better Decisions and GC/CM Contracting Allows Flexibility To Use New Information To Meet Our Objectives
Questions?