

Rock Island Support Facility Improvements Project Update



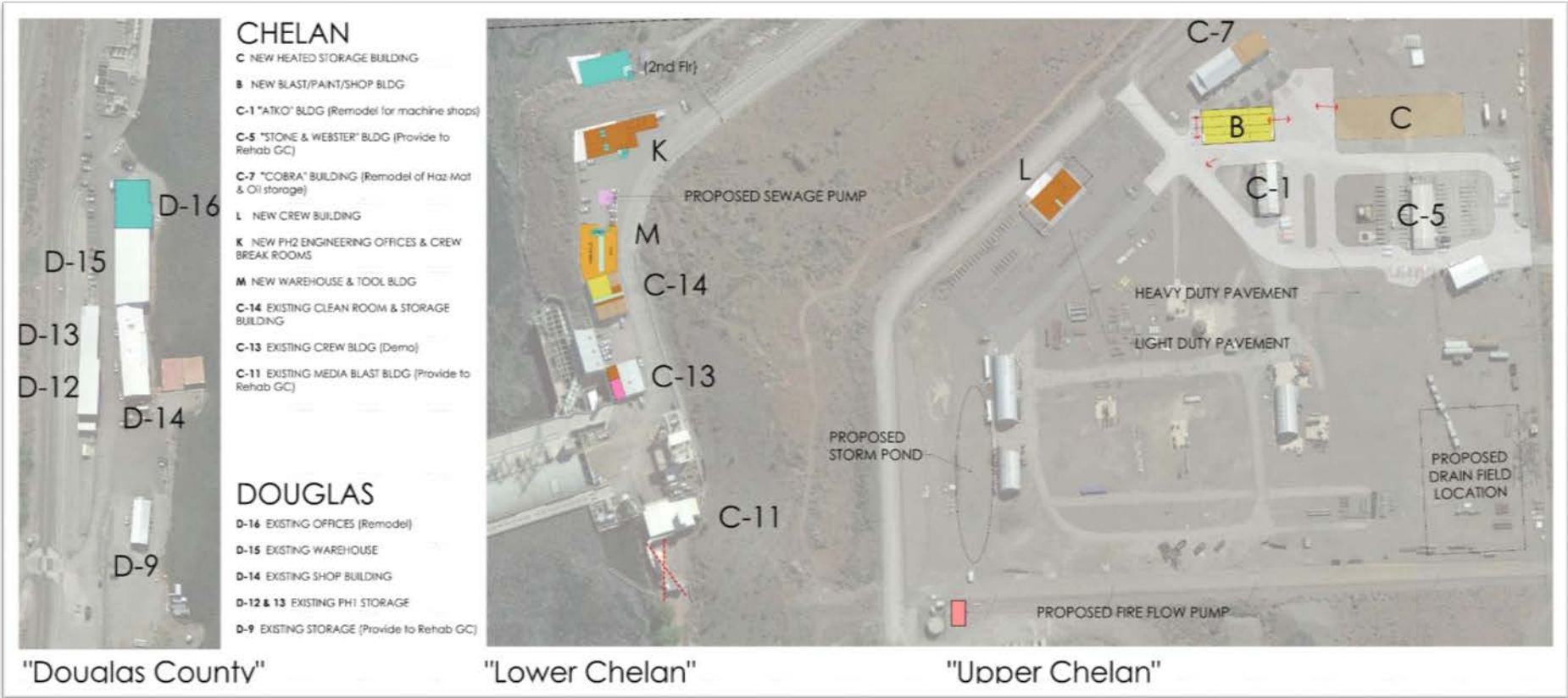
June 3, 2019

Presentation Objective

- **Provide Information Today**
 - Describe Work Progress, Changes, & Alternatives
- **June 17 Resolution to Authorize a Guaranteed Maximum Price (GMP) for Construction of RI Facilities**

Site Plan For 2018 Budget Forecast

(October 2017, \$40.1M)



Site Plan May 2019



Changes During Project Development

- Changed Site Plan to Increase Efficiency
- Designed Blast Building To Use Shuttlelift Crane
- Reservoir and Pump Station Are Needed to Meet Fire Flow Requirements
- Construction Cost Increase
 - Construction Cost Escalation Exceeding Planned Rate
 - Limited Contractor Bids and Competition
 - 1 or 2 Bidders For Each of 12 bids
 - Few Bidders Across All District Procurements

Design Changes

- **C-22 Designed Blast Building to Maximize Value**
 - NPV of Blast Building Alone Estimated At \$13M
 - Aggregated Buildings B, C-1, C-7 and M into one Building (C-22).
 - Fabrication, Haz. Mat. & Oil Strg, Warehouse, Tool Room,
- **Prioritize Greatest Value Buildings**
 - Hazardous Material Storage-Meets Codes and Standards
 - Oil Dispensary and Storage-Meets Codes and Standards
 - Fabrication and Machine Shops-Work Efficiency
 - Warehouse and Tool Room for Powerhouse 2-Work Efficiency
 - Defer Improvements to Existing Buildings
 - Manage Scope To Control Spending

GC/CM Procurement

- **Bid Results**
 - 12 Separate Bids
 - \$21.2M Proposed Guaranteed Maximum Price Without C-19
- **GC/CM Process Prevented Bid Surprises**
 - Project Was Exceeding Funding By \$2.7M
 - District Managed Project Scope
 - Putting A Hold On C-19 Spending
 - Authorized Spending Over 3-yrs is \$40.1M
 - Spending is \$36.3M (\$3.8M Below Auth.) Excluding C-19 Building

Alternatives

- 1. Delay GC/CM Contract-Wait For Better Market Conditions**
- 2. Contract For GC/CM Work & Re-Evaluate C-19 Business Case**

Alternative Analysis

1. Delay GC/CM Contract

- Uncertain Cost Escalation-We Do Not Know When Market Will Change
- May Lose GC/CM Contractor
 - District Would Manage Procurement, Contracting, CM
 - Current Legal, Procurement, and Admin are Sunk Costs
- PH 2 Rehab Contractor Requires Meeting Room, Offices and Crew Space
- PH 2 Rehab and Facilities Possible Concurrent Construction Contracts
- No Guaranteed Maximum Price – Subject to More Change Order Cost
- Lost District Efficiency Gains Now Until Project Completion

Alternative Analysis

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

- Complete Work Before PH 2 Rehab Starts
- Gain Value of Current Contracting and Procurement Work
- Complete C-19 Design, Final Estimate, and Business Case Considering:
 - Rehab Contractor Provides Its Own Buildings
 - Opportunities to Maximize Work Efficiency
 - Modular Engineering office Rental
 - Existing Building Maintenance
 - Monitor Market Conditions Relative To C-19 Business Case

Recommendation

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

- Execute GMP 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



QUESTIONS

