



# SERVICE CENTER PROJECT UPDATE

November 7, 2022

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# Why We Are Here Today

- Project update
  - Construction progress
  - Project challenges
  - Budget impacts
  - Fulfillment of project goals
- Board action during business session to ratify previously approved Change Orders



# Construction Progress

- Administration building
  - Exterior stone panels
  - Interior finishes
- Warehouse and shops
  - Concrete slabs and roofing
- Fleet shop
  - Steel structure
- Realizing the Project Vision



# Construction Challenges

- Supply-chain challenges
- Labor shortages
- Cultural resource challenges

# Cultural Resources

- Early on, unearthed cultural artifacts
  - Followed protocol in Cultural Excavation Permit
- Additional finds and investigation of site led District staff to reconsider approach
  - Paused ground-disturbing work Nov 1, 2021
  - Initiated process with State and Tribes to develop new plan for site treatment
  - New Cultural Excavation Permit issued Jul 22, 2022
- Strengthening Relationships
  - Advancing archaeological program and continuing collaboration with tribes and state

# Impacts

Pause on ground-disturbing work caused significant impact to project schedule

- Unable to complete foundations for three buildings
- Unable to install utilities and slab in three buildings
- Able to continue work on building A
- Continued above-ground work on buildings B, C & D
- Procured and stored materials to minimize cost escalation impacts

GC/CM contractor has been managing and mitigating impacts

# Impacts

- Project Completion moved to December 2023
- General Contractor and Trade Contractors
  - Compounding market conditions/supply chain challenges
  - General conditions and support services
  - Direct costs
  - Labor impacts
  - Equipment rental
- District Costs
  - Consultants (design team, archaeologist)
  - Staff time
  - District supplied furnishings, etc



# Revised Move-in Plan

- Phase 1 – Spring 2023
  - Administrative Groups
- Phase 2 – Fall 2023
  - Field Crews and Customer Service
  - Grand Opening
- Phase 3 – Late-Fall 2023
  - Fleet Shop and Fish & Wildlife





# Estimated Cost Impacts

- Working with GC/CM Contractor and trade contractors to identify total cost of impacts to date and projected to the end of the project
- Developing estimated impacts of indirect project costs
- Estimated costs between \$20-\$25M. Budget presentation today includes \$20M. Final 2023 budget will include \$25M
- Staff reviewed business case evaluations from 2019 and even with these impacts factored in, the full relocation plan still has the best long-term financial value of the three final options

# Board Designated HQ/Service Center Strategic Facilities Fund

- This Board Designated Fund was established in 2017 for the purpose of investing in the Strategic Facilities Plan
- Demonstrating the Board planning ahead for identified needs and providing visibility for funding
- Board directed an initial deposit of \$20 million in July 2017 and an additional \$30 million in April 2018
- Board approved Fund use beginning in June 2022

## **Options for additional 2022 deposit:**

1. \$25 million (Funding from wholesale revenues that exceeded the 2022 Budget due to favorable wholesale market conditions, does not pressure retail electric rates)
2. Option 2: Any other amount as directed by the Board
3. Future amounts may be added or returned to general fund as directed by the Board

# Next Steps

- This afternoon – Resolution to ratify previously approved change orders
- Nov 21 and Dec 5
  - Amend consultant agreements
- Dec 5 – Budget adoption
  - Motion to transfer funds to Board Designated Fund (if selected)
- Moving forward – Approve/Ratify CO(s) as negotiations are completed, anticipated in multiple visits



# Conclusions

- Multiple challenges have caused a significant increase in the estimated final project cost
- Creating long-term value for customer-owners
  - Realizing project objectives & benefits
- Strengthening relationships
  - Advancing archaeological program and continuing collaboration with tribes and state
  - Fulfilling commitments to contractors and project team

[Progress Video](#)

# Questions/Discussion

