



CITY MANAGER'S REPORT

AGENDA ITEM REQUEST

UTILITIES DEPARTMENT

TO: Ed Lavallee, City Manager

THROUGH: Len Bramble, P.E., Utilities Director

FROM: Tim Hochuli, P.E., Assistant Utilities Director

DATE: July 2, 2014

SUBJECT: **Reverse Osmosis (RO) Membrane Replacement/SCADA Upgrade Design-Build Agreement Amendment No. 2 – The Haskell Company**

Background:

On January 22, 2013 City Council approved Amendment No. 1 to the Design-Builder agreement referenced above. This amendment approved the construction phase of the project. Since that time, The Haskell Company (Haskell) has been under construction with the proposed improvements. As construction has proceeded, Haskell has experienced delay issues with its Supervisory Control and Data Acquisition (SCADA) subcontractor. Multiple attempts have been made, in cooperation with City staff, to resolve these delays with limited success. This subcontractor was recognized by all members of the project team as having a history of performing exemplary work. Unfortunately, their performance on this project has not met those historical standards.

Haskell recognizes that they are responsible for the project delays caused by this subcontractor and has been working with the City over the past several months to provide a solution that would be acceptable to the City. This solution is outlined in the attached amendment. Haskell requests that the additional time needed to complete the project be approved by the City and in return the City will not pursue liquidated damages for the additional time included in this agreement.

Due to the project delays, the City will require additional Owner's Representative services from MWH Americas, Inc. and Haskell has agreed to credit these additional costs to the total project cost for the City. This will allow the City to not incur additional consultant fees as a result of these delays. These additional consultant fees will have to be approved in a separate action by Council, but will ultimately be a credit on the Haskell total cost.

Requested Action:

We request Council's approval of the *Amendment No. 2 to the Standard Form of Agreement Between Owner and Design-Builder – Cost Plus Fee with an Option for a Guaranteed Maximum Price* with The Haskell Company.

City Attorney Review:

The City Attorney has reviewed this document and finds its legal form to be acceptable.

Risk Management Review:

The Risk Manager has reviewed this document and finds no risk management objections.

Funds Availability (account number):

N/A.