

Council Business Meeting

September 6, 2022

Agenda Item	Water Treatment Plan Final Design Contract Amendment with HDR Engineering	
From	Scott Fleury, PE	Public Works Director
Contact	Scott.fleury@ashland.or.us	541-552-2412

SUMMARY

Before Council is a request to approve a contract amendment with HDR Engineering, Inc. for the final design phase of the Water Treatment Plant Project.

POLICIES, PLANS & GOALS SUPPORTED

City Council Goals:

- Prioritize Essential Services: Water
- Enhance Value Services: Emergency Preparedness, Economic Development, Water Conservation
- Develop current and long-term budgetary resiliency

Department Goals:

- Maintain existing infrastructure to meet regulatory requirements and minimize life-cycle costs
- Deliver timely life cycle capital improvement projects
- Maintain and improve infrastructure that enhances the economic vitality of the community
- Evaluate all city infrastructure regarding planning management and financial resources

PREVIOUS COUNCIL ACTION

- October 1, 2019 Business Meeting, Council approved a \$3,662,659 contract with HDR Engineering for the final design of the new Water Treatment Plant ([Minute](#), [Staff Report](#)) .
- April 19, 2021 Study Session, Staff presented updated plant sizing and Envision Program specifics ([Minutes](#), [Staff Report](#)).
- January 3, 2022 Study Session, Staff reviewed previously presented plant sizing and Envision program information. Council agreed with the recommendations ([Minutes](#), [Staff Report](#)).

BACKGROUND AND ADDITIONAL INFORMATION

A 2012 City Administrator and Finance Director delegation’s memo outlines the requirements for Council approval with respect to Contract Amendments (reference attachment #2).

Memo excerpt:

12.(C): Competitive Sealed Bid (ITB), Competitive Sealed Proposal (RFP) and Sole Source Procurements -A contract may be amended in accordance with OAR 137-047-0800,

but the **cumulative amendments must not increase the total contract price to a sum that is greater than twenty-five (25%) of the original contract price or \$250,000, whichever is less.**

12.(G): A change order or contract amendment that exceeds this authority will require the approval of the City Council.

The amendment for the final design phase is needed in order to finish the plans, specifications (PS&E) and estimates for the water treatment plant project. As of March 2022, HDR is at the 60% project design stage. If executed this Amendment is will cover the following changes to the project:

1. Design revisions to accommodate a smaller 7.0 MGD water treatment facility, expandable to 9.0 MGD.
 - a. The original design intent was to accommodate a 7.5 MGD facility expandable to 10 MGD. Through an update to the supply demand forecast, a resizing of the plant was recommended and accepted by Council.
2. Early equipment selection activities for the ballasted flocculation and ozone generation equipment.
 - a. In order to better prepare the final design package, the City solicited an early out package for the flocculation and ozone systems. This has allowed improvements to the design package to better size facility requirements for major equipment installation and reduce future construction cost risks.
3. Support in preparing Water Infrastructure Finance and Innovation Act (WIFIA) loan application.
 - a. This cost will only be utilized if needed. Currently Public Works is working with the City’s contracted financial advisor for assistance in preparing the WIFIA package.
4. Additional site and geotechnical investigation for the Ashland Creek replacement culvert.
 - a. In order to support the design and permitting of a replacement of the existing undersized culvert on Ashland Creek, additional geotechnical work was performed to allow the new culvert to meet current flooding and fish passage requirements.
5. Revisions to solar power generation and addition of battery storage.
 - a. As part of the Envision process recommended by Council, additional work has been required of the design process to facilitate Solar and future battery storage onsite.
6. Dividing the project into two separate bid packages, one for the WTP and one for the improvements outside of the WTP site (replacement culvert, pipelines, buried electrical power lines, etc.)
 - a. It is recommended by Public Works and HDR to have separate bid packages. One for the plant site construction and one for the offsite utility construction. Separating the packages will allow for local competition for the offsite improvements with contractors who specialize in underground utility installation.
7. Changes in staffing and adjustment to rates due to the City-requested hold on design specific activities dating back to May 2020.

Given the number of changes to the project since the final engineering design contract was approved in 2019, the amendment closes out tasks authorized and completed in the original contract and amends and establishes new tasks to cover the project through the bidding phase. Reference attachment #1 for specific tasked based activities.

FISCAL IMPACTS

The current contract amount of \$3,662,659 previously awarded by the City Council has \$1,631,276 in remaining balance to support the project. The increase of \$676,282 will allow HDR to finalize the PS&E and provide bidding support for the project. The original contract and associated amendment increase align with the previous Council approval to reduce loan funding for the project:

At the June 21, 2022 Council Business Meeting the Council approved a resolution that reduced the current loan amount with the Infrastructure Finance Authority from \$14.8 million to \$4.7 million ([Minutes](#), [Staff Report](#)). The IFA requested the loan amount be reduced as the City was accepted to apply for the Environmental Protection Agency’s Water Infrastructure and Innovation Act (WIFIA) Funding. The reduction in loan amount corresponds to finishing the final design phase for the project, including the amendment addition.

Funds are appropriated in the current budget for the project.

STAFF RECOMMENDATION

Staff recommends approval of the contract amendment with HDR Engineering in order to finalize the plans, specifications and estimates for the project.

ACTIONS, OPTIONS & POTENTIAL MOTIONS

I move to approve a contract amendment with HDR Engineering Inc. in the amount of \$676,282

REFERENCES & ATTACHMENTS

Attachment #1: Contract Amendment

Attachment #2: Delegations Memo