

RESOLUTION NO. 1660

A RESOLUTION APPROVING AND AUTHORIZING AMENDMENT NO. 1, AN ADDENDUM TO DESIGN/BUILD AGREEMENT, INCLUDING, BUT NOT LIMITED TO, THE GUARANTEED MAXIMUM PRICE FOR THE DESIGN/BUILD AGREEMENT FOR DESIGN AND CONSTRUCTION OF THE WILLAMETTE RIVER WATER TREATMENT PLANT PROJECT, APPROVING THE START OF ONSITE CONSTRUCTION, ESTABLISHING AN OWNER CONTROLLED CONTINGENCY WITHIN THE DESIGN/BUILD AGREEMENT BETWEEN THE CITY OF WILSONVILLE "CITY OR OWNER" AND MONTGOMERY WATSON, INC., MONTGOMERY WATSON AMERICAS, INC., AND MONTGOMERY WATSON CONSTRUCTORS, INC., COLLECTIVELY KNOWN AS MONTGOMERY WATSON OR DESIGN/BUILDER, AND APPROVING OWNER'S REPRESENTATIVE SERVICES BY CH2M HILL THROUGH CONSTRUCTION AND PLANT STARTUP AT A PRICE NOT TO EXCEED \$879,000.

WHEREAS, after a competitive selection process the city selected Montgomery Watson, Inc., Montgomery Watson Americas, Inc., and Montgomery Watson Constructors, Inc. (collectively known as Montgomery Watson) as the design/builder of the Willamette River Water treatment plant effective December 22, 1999, and;

WHEREAS, approval of the design/build agreement included authorization to proceed with engineering permitting and management services for the Willamette River Water Treatment Plant, inclusive of accessory improvements and facilities (Water Treatment Plant) and upon reaching a negotiated Guaranteed Maximum Price (GMP) to amend the agreement to reflect same; and

WHEREAS, Montgomery Watson has completed the design to guarantee maximum price documents for the Water Treatment Plant, which are necessary to negotiate a GMP; and

WHEREAS, Montgomery Watson has been working with the City staff to obtain all necessary approvals and permits and all necessary permits have been submitted for approval and either have received approval, or if outstanding, do not appear likely to be denied; and

WHEREAS, the Water Treatment Plant needs to be constructed so that it will be producing water for the peak demand season during the summer of 2002 and for the Coffee Lake Prison by April 2002; and

WHEREAS, Montgomery Watson has selected the subcontractors and has developed a GMP which the City, its representative CH2M Hill and Tualatin Valley Water District, a water supply district formed under chapter 264 (TVWD) have reviewed and negotiated a sum of \$43,097,341, to complete the work included in the final design plans and additional work as identified in Exhibit N to Amendment No. 1, An addendum to Design/Build Agreement, Exhibit 1, a copy of which is attached hereto and incorporated by reference as though fully set forth herein; and

WHEREAS, an owner controlled contingency of \$955,000 has been added to the Design/Build Agreement to cover the potential increase in cost related to future Design Review Board approval of road, bikeway, pedestrian access to the Water Treatment Plant, and/or construction changes or delays as set forth in Exhibit M to Amendment No. 1; and

WHEREAS, contingency and other project costs totaling \$2,829,333, have been identified inclusive of CH2M Hill's Owner's Representative Services set forth below, plant operator services during construction, system development charges, legal, and administration expenses; and

WHEREAS, the total cost of the project including, but not limited to the GMP is \$46,881,674 as identified in Exhibit 2, a copy of which is attached hereto and incorporated by reference as though fully set forth herein; and

WHEREAS, the funding sources for the total project are also identified in Exhibit 2; and

WHEREAS, CH2M Hill has been providing owners' representative services during the design and permitting of the plant; and

WHEREAS, during the negotiating process, CH2M Hill conducted a value engineering review of the preliminary engineering design and this value engineering review found no fatal flaws in the preliminary engineering documents; and

WHEREAS, Montgomery Watson provided CH2M Hill with copies of their estimated schedule of values and of the subcontracts and proposed equipment orders for the project; and

WHEREAS, after a very detailed review of the proposed guaranteed maximum price and significant inquiry into some areas through the negotiation process, the CH2M Hill review team now finds there is no area in which they take exception; and

WHEREAS, copies of the value engineering report and of the technical memorandum summarizing the guaranteed maximum price review are available within community development and will be provided upon request; and

WHEREAS, previous task orders issued to CH2M Hill as part of the City's agreement with CH2M Hill extended from preliminary engineering through the review of the guaranteed maximum price and the final design documents and CH2M Hill has proposed and staff recommends that CH2M Hill be issued Task Order No. 3 to provide owner's representative services during construction and plant startup at a cost of \$879,000.

NOW, THEREFORE, THE CITY OF WILSONVILLE RESOLVES AS FOLLOWS:

1. The above recitals and findings are incorporated herein.
2. Council hereby approves and authorizes the Mayor to execute the Amendment No. 1, An Addendum to the Design/Build Agreement between the City and Montgomery Watson at a guaranteed maximum price of \$43,097,341, a copy of which is attached as Exhibit No. 1.
3. Council hereby approves and authorizes an owner controlled contingency within the Design/Build Agreement of \$955,000 as part of the project cost.
4. Council approves and authorizes additional costs of \$2,829,330 set forth in Exhibit 2 and authorizes the City Engineer to sign Task Order No. 3 to CH2M Hill at a cost of \$879,000 as part of the additional project costs of \$2,829,333.
5. The total project costs approved and authorized is the sum of the guaranteed maximum price of \$43,097,341, the owner controlled contingency of \$955,000 and the additional costs of \$2,829,333 for a total project costs of \$46,881, 674, which total project costs shall be shared costs with Tualatin Valley Water District (TVWD) as set forth in the City's agreement with TVWD authorized by Resolution No. 1661, adopted contemporaneously herewith, and with the Department of Corrections (DOC) as set forth in the City's Cooperative Agreement with DOC authorized by Resolution No. 1595, adopted December 6, 1999. The City Engineer is authorized to approve change orders to the owner controlled contingency set forth in Amendment No. 1 to the Design/Build Agreement up to the amount of \$955,000, so long as the total

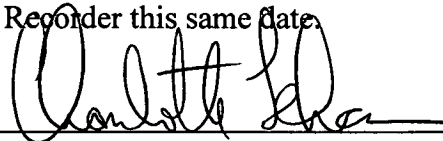
project costs do not exceed the budget amount. The City Engineer is authorized to approve transfers from the owner controlled contingency to the guaranteed maximum price part of the Design/Build Agreement in accordance with the Engineer's approved change orders.

6. Council authorizes the expenditure of project funds as budgeted for FY 00-01 as amended from:

| <u>ACCOUNT</u> | <u>AMOUNT</u> |
|--------------------|---------------|
| 530-49130-5000-322 | \$38,000,000 |

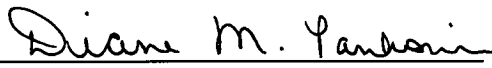
7. The balance of the total project cost is to be budgeted in FY 01-02 in keeping with annual budget appropriations.

ADOPTED by the City Council of the City of Wilsonville at a special meeting thereof this 6th day of July, 2000, and filed with the Wilsonville City Recorder this same date.



CHARLOTTE LEHAN, MAYOR

ATTEST:



Acting City Recorder

SUMMARY OF VOTES:

| | |
|------------------|-------------|
| Mayor Lehan | <u>Yeah</u> |
| Councilor Kirk | <u>Yeah</u> |
| Councilor Helser | <u>Yeah</u> |
| Councilor Barton | <u>Yeah</u> |
| Councilor Holt | <u>Yeah</u> |

Exhibit 1: Addendum to Design/Build Agreement with Exhibits
Exhibit 2: Project Cost

**AMENDMENT NO. 1, AN
ADDENDUM TO
DESIGN/BUILD AGREEMENT**

RECITALS

WHEREAS, a Design/Build Agreement (“Agreement”) was entered into effective the 22nd day of December, 1999, pursuant to Resolution No. 1628, by and between City of Wilsonville (“City” or “Owner”) and Montgomery Watson, Inc. (“MW”), Montgomery Watson Americas, Inc. (“MWA”) and Montgomery Watson Constructors, Inc. (“MWC”) collectively known as (“Montgomery Watson” or “Design/Builder”); and

WHEREAS, said Agreement requires that a Guaranteed Maximum Price (GMP) be established for the Work to be performed or provided by Design/Builder pursuant to the Contract Documents; and

WHEREAS, the November 1, 1999 Request for Qualifications, adopted by Resolution No. 1602 established a projected budget for a 120 mgd intake structure, 15 mgd initial plant, and 70 mgd piping at \$44,921,000; and

WHEREAS, the Design/Builder has provided the Owner with the 10% Preliminary Engineering Design, the Design to GMP (30%), the Final Design Documents, and the GMP Addendum Documents; and

WHEREAS, Volume 1 and 2 of the Design to GMP documents (30%) in their entirety have been included in the Final Design Document; and

WHEREAS, the Owner has reviewed and approved the Design to GMP document and approved a concept for the Final Design Documents, with additions and changes noted on Exhibit N, the GMP Addendum Documents; and

WHEREAS, all costs to complete all obligations of MW under the Design/Build Agreement as hereinafter amended per Volume 3 of the Design to GMP document, the final design document and additions at Exhibit N, attached hereto and incorporated by reference herein, are included in the Guaranteed Maximum Price proposal from Montgomery Watson; and

WHEREAS, access decisions have been deferred for later review by the Development Review Board (DRB) and these decisions could impact overall project costs; and

WHEREAS, the City is conducting contract negotiations with an operations operator finalist recommended by the technical solicitations team and subject to final approval by Owner,

and as part of the negotiation process the operator still needs to review and comment on the plant electrical control concept and administrative layout, which could impact overall project costs; and

WHEREAS, since DRB also conditioned a further site design review of certain landscape areas there have been landscaping and other modifications since the final design documents were submitted to DRB and are subject to DRB approval, which could impact overall project costs; and

WHEREAS, a separate contingency is required to cover the above potential added costs because of changing conditions that cannot be confirmed at this time, but can be reasonably estimated to establish a separate owner controlled contingency of \$955,000 set forth in Exhibit M, attached hereto and incorporated by reference herein, and shall be added to the guaranteed maximum price at the time a change order is issued for an owner controlled contingency item; and

WHEREAS, Exhibit B, Major Project Milestone Schedule to the Agreement was based on the City issuing a notice to proceed with construction by July 1, 2000; and

WHEREAS, paragraph 4.3 requires that the owner shall cause the delivery of and access to the Site by Design/Builder by dates set forth in schedule; and

WHEREAS, construction access to the water treatment plant site will be available after July 1, 2000, but before July 17, 2000; and

WHEREAS, resolution of some access, easement and permit issues are pending; and

WHEREAS, owner and Design/Builder desire to start construction now; and

WHEREAS, it is anticipated that it will take until July 17 to obtain signatures on this Amendment No. 1; and

WHEREAS, the notice to proceed with construction will be issued no later than July 18, 2000, and Exhibit B needs to be revised in accordance therewith; and

WHEREAS, paragraph 10.4 Bonds of the Design Build Agreement requires the Design Builder to furnish and deliver to the Owner a Labor and Materials Bond and a Performance Bond covering the design and construction work in the penal sum equal to the Guaranteed Maximum Price; and

WHEREAS, paragraph 3.5.5 Incorporation of Contract Documents requires that each subcontract shall incorporate any terms of this agreement and the contract documents to the

extent applicable to the work to be performed by the subcontractor and necessary to make all provisions of this contract effective; and

WHEREAS, given the paragraph 10.4 Bond requirement for the Design Builder, the elimination from paragraph 3.5.5 of any overlap in the bond requirement for subcontractor such as the plant contractor, the intake contractor and the electrical contractor for performance and payment bonds could reduce costs substantially without adversely affecting the City; and

NOW, THEREFORE, the parties do hereby agree to amend the Design/Build Agreement by this Amendment No. 1 as follows:

1. ARTICLE 5, Schedule & Completion, paragraph 5.2 Notice to Proceed shall be deleted and replaced by:

5.2 Notice to Proceed. The City Engineer will issue the notice to proceed for the water treatment plant no later than July 18, 2000, provided this Amendment No. 1 has been executed by all parties, the intake structure and the transmission main when this Amendment No. 1 has been duly executed by the parties and necessary permits have been issued and necessary easements for construction have been executed. The Design/Builder will be entitled to an equitable adjustment to Exhibit B, Revised Major Project Milestone Schedule, if the notices to proceed are delayed by the City in executing this Amendment No. 1, issuance of necessary permits, and/or the execution of necessary easements, causing delay to any major project schedule times set forth in the revised Exhibit B.

2. ARTICLE 6, Price and Payment, paragraph 6.1, GMP, shall be amended by adding:

6.1.1 Established GMP. The Guaranteed Maximum Price (GMP) shall be and is established at \$43,097,341.00. The schedule of values for the Guaranteed Maximum Price is attached as Exhibit E, Revised Guaranteed Maximum Price and Schedule of Values.

3. ARTICLE 7, Change Orders, shall be amended by adding a new paragraph 7.7

7.7 Owner's Change Order Account. Owner shall maintain a Change Order Account for the purpose of providing for Change Orders authorized under Article 7 and as set forth in owner controlled contingency in Exhibit M. Upon written notice from the City Engineer, the amount authorized from this account by the Change Order shall be added to the GMP without further amendment to this Agreement, up to a cumulative limit of \$955,000. Change Order amounts in excess of this limit shall be authorized by written amendment to this Agreement.

4. ARTICLE 10, Insurance and Bonds, paragraph 10.4 Bonds shall be deleted and replaced by:

10.4 Bonds. Design/Builder and /or its prime subcontractors, Natt McDougall Company, Slayden Construction, Tigard Electric, Inc. and Professional Services Industries, shall furnish and deliver to Owner Labor and Materials Bonds and Performance bonds before commencing the Design and Construction Work on the Site that shall cover such Design and Construction Work. The Labor and Materials Bond and the Performance Bond shall each name Owner as obligee and shall each be in the penal sum equal to the GMP. The Labor and Materials Bond and Performance Bond shall be in the forms set forth as Exhibit F. All premiums for the Labor and Materials Bond and Performance bond shall be included in the GMP. The Labor and Materials Bond and Performance Bond shall be issued by a surety who is (i) on the U.S. Department of Treasury list for the amount of its responsibility and (ii) licensed to do business in the State. Until the GMP is established, the penal amount of the bonds will be the estimated cost of design and other services to establish the GMP. When the GMP is established, the penal amount of the bonds will be increased to the amount of the GMP. Design/Builder shall assume the risk for the non-performance of any subcontractor and/or supplier, including, but not limited to, the financial risk of any such subcontractor or supplier who is either not bonded or insufficiently bonded.

5. The Design/Build Agreement shall be further amended by adding and incorporating into the Design/Build Agreement by reference as if fully set forth therein the following exhibits, which exhibits shall be placed on file and as of record with the City Recorder, the City Engineer and MW:

Exhibit B – Revised. Revised Major Project Milestone Schedule which shall be substituted for and replace the original Exhibit B.

Exhibit E – Revised Guaranteed Maximum Price (GM) and Schedule of Values which shall be substituted for and replace the original Exhibit E.

Exhibit J – The 10% Preliminary Engineering Design.

Exhibit K – Volume 3 of the Design to Guaranteed Maximum Price (30%).

Exhibit L – The final design document is approved in concept subject to technical approval by the Oregon Health Department, the Building Official, the Clackamas County Electrical Plans Examiners, and the Tualatin Fire and Rescue.

Exhibit M– The Guaranteed Maximum Price submittal with Schedule of Values and Owner Controlled Contingency.

Exhibit N – Changes to the final design documents included in the Guaranteed Maximum Price.

This Amendment No. 1 shall be effective July 7, 2000, and except as otherwise set forth in this Amendment No. 1, the terms and conditions of the Design/Build Agreement remain in full force and effect.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written.

CITY OF WILSONVILLE

MONTGOMERY WATSON, INC.

Charlotte Lehan

By _____
Its: Mayor

By _____
Its: _____

APPROVED AS TO FORM:

MONTGOMERY WATSON AMERICAS,
INC.

This ____ day of _____, 2000.

Michael E. Kohlhoff, City Attorney
City of Wilsonville, Oregon

By _____
Its: _____

MONTGOMERY WATSON
CONSTRUCTORS, INC.

By _____
Its: _____

Exhibit 2

Cost Estimate with \$17,000,000 from TVWD for Supply facilities

7/3/00 This sheet has GMP Numbers

| PROJECT ELEMENT | TOTAL CAP. in MGD | WV in % | TVWD in % | TOTAL COST | WV COST | TVWD COST |
|--|-------------------------|---------|-----------|--------------------|--------------------|--------------------|
| RAW WATER INTAKE AND PUMP STATION | | | | | | |
| Screening | 70 | 28.6% | 71.4% | \$724,386 | \$206,967 | \$517,419 |
| Intake Pipe | 120 | 16.7% | 83.3% | \$1,368,175 | \$228,029 | \$1,140,146 |
| Wetwell | 120 | 16.7% | 83.3% | \$2,189,079 | \$364,847 | \$1,824,233 |
| Pump Station Building | 120 | 16.7% | 83.3% | \$1,403,001 | \$233,834 | \$1,169,168 |
| Pumps | 15 | 66.7% | 33.3% | \$597,022 | \$398,015 | \$199,007 |
| Electrical - wire & conduit | 70 | 80.0% | 20.0% | \$199,007 | \$159,206 | \$39,801 |
| Electrical - equipment | 15 | 66.7% | 33.3% | \$398,014 | \$265,356 | \$132,658 |
| Raw Water Pipeline | 70 | 28.6% | 71.4% | \$611,947 | \$174,842 | \$437,105 |
| SUBTOTAL | | | | \$7,490,631 | \$2,031,095 | \$5,459,536 |
| WATER TREATMENT PLANT | | | | | | |
| Clarification-Actiflo | 15 | 66.7% | 33.3% | \$3,566,642 | \$2,377,761 | \$1,188,881 |
| Ozone building & piping | 70 | 82.9% | 17.1% | \$497,518 | \$412,229 | \$85,289 |
| Ozone Contactor | 15 | 66.7% | 33.3% | \$1,539,332 | \$1,026,221 | \$513,111 |
| Ozone Generators | 15 | 66.7% | 33.3% | \$770,119 | \$513,413 | \$256,706 |
| Ozone destruct units | 15 | 66.7% | 33.3% | \$149,255 | \$99,503 | \$49,752 |
| Filters | 15 | 66.7% | 33.3% | \$3,383,539 | \$2,255,693 | \$1,127,846 |
| Filter to Waste | 70 | 66.7% | 33.3% | \$49,752 | \$33,168 | \$16,584 |
| Chemical building | 70 | 92.9% | 7.1% | \$597,022 | \$554,378 | \$42,644 |
| Chemical Feed Systems | 35 | 85.7% | 14.3% | \$1,703,186 | \$1,459,874 | \$243,312 |
| Backwash System | 70 | 92.9% | 7.1% | \$1,195,215 | \$1,109,843 | \$85,373 |
| Sludge Handling | 35 | 85.7% | 14.3% | \$1,647,914 | \$1,412,498 | \$235,416 |
| Clearwell | 70 | 92.9% | 7.1% | \$3,023,831 | \$2,807,843 | \$215,988 |
| FW Pump Station Building | 70 | 92.9% | 7.1% | \$1,167,581 | \$1,084,182 | \$83,399 |
| FW Transmission Pumps | 15 | 66.7% | 33.3% | \$377,126 | \$251,417 | \$125,709 |
| FW Wire & Conduit. | 70 | 92.9% | 7.1% | \$199,007 | \$184,792 | \$14,215 |
| Electrical - equipment | 15 | 66.7% | 33.3% | \$497,518 | \$331,679 | \$165,839 |
| Administration Bldg-WTP | 70 | 92.9% | 7.1% | \$1,183,826 | \$1,099,267 | \$84,559 |
| Landscaping & irrigation | 70 | 28.6% | 71.4% | \$250,000 | \$71,429 | \$178,571 |
| Landscaping & irrigation-City | 70 | 100.0% | 0.0% | \$1,074,610 | \$1,074,610 | \$0 |
| Water feature | 70 | 100.0% | 0.0% | \$597,022 | \$597,022 | \$0 |
| Roads and Bridge | 70 | 78.6% | 21.4% | \$1,549,400 | \$1,217,386 | \$332,014 |
| Storm drainage | 70 | 28.6% | 71.4% | \$194,584 | \$55,595 | \$138,989 |
| Overflow and yard piping | 70 | 28.6% | 71.4% | \$1,990,072 | \$568,592 | \$1,421,480 |
| Electrical Service | 30 | 70.0% | 30.0% | \$3,532,378 | \$2,472,665 | \$1,059,713 |

Exhibit 2

Cost Estimate with \$17,000,000 from TVWD for Supply facilities

7/3/00 This sheet has GMP Numbers

| PROJECT ELEMENT | TOTAL CAP. in MGD | WV in % | TVWD in % | TOTAL COST | WV COST | TVWD COST |
|---|-------------------------|--------------|--------------|---------------------|---------------------|---------------------|
| Backup Power | 4 | 100.0% | 0.0% | \$497,518 | \$497,518 | \$0 |
| Instrumentation & telemetry | 70 | 66.7% | 33.3% | \$1,343,299 | \$895,537 | \$447,762 |
| Barge removal | 70 | 31.0% | 69.0% | \$139,305 | \$43,205 | \$96,100 |
| SUBTOTAL | | | | \$32,716,571 | \$24,507,319 | \$8,209,252 |
| FINISHED WATER PIPELINE | | | | | | |
| Meter/PRV to Wilsonville | 10 | 100.0% | 0.0% | \$163,740 | \$163,740 | \$0 |
| WTP to Kinsman Rd. | 70 | 28.6% | 71.4% | \$2,726,399 | \$778,971 | \$1,947,428 |
| SUBTOTAL | | | | \$2,890,139 | \$942,711 | \$1,947,428 |
| TOTAL GMP | | | | \$43,097,341 | \$27,481,125 | \$15,616,216 |
| <i>Additional contingency in D-B contract</i> | | | | | | |
| Total contingency in D-B contract | | | | \$955,000 | \$489,760 | \$465,240 |
| Total in D-B contract | | | | \$44,052,341 | \$27,970,885 | \$16,081,456 |
| Other project expenses | | | | | | |
| Owner's rep services estimate | | | | \$1,141,000 | \$724,474 | \$416,526 |
| Operator svces during construction | | | | \$150,000 | \$95,242 | \$54,758 |
| SDC's for plant | | | | \$43,000 | \$27,419 | \$15,581 |
| City & TVWD control contingency | | | | \$802,500 | \$622,814 | \$179,686 |
| Subtotal for other project expenses | | | | \$2,136,500 | \$1,469,949 | \$666,551 |
| Subtotal | | | | \$46,188,841 | \$29,440,834 | \$16,748,007 |
| City supervision, administration & overhead | | | | \$692,833 | \$441,613 | \$251,220 |
| TOTAL PROJECT | | 63.7% | 36.3% | \$46,881,674 | \$29,882,447 | \$16,999,227 |
| DOC funding | | | | \$6,400,000 | \$6,400,000 | |
| SDC income | | | | \$1,900,000 | \$1,900,000 | |
| TVWD | | | | \$16,999,227 | | |
| Land sale revenue | | | | \$1,290,000 | \$1,290,000 | |
| Net bond proceeds | | | | \$20,292,447 | \$20,292,447 | |
| TOTAL AVAILABLE | | | | \$46,881,674 | \$29,882,447 | \$16,999,227 |



30000 SW Town Center Loop E
Wilsonville, Oregon 97070
(503) 682-1011
(503) 682-1015 Fax
(503) 682-0843 TDD

July 7, 2000

Copy!

Joseph L. Glicker, P.E.
Vice President
Montgomery Watson
111 SW 5th Avenue, Suite 1770
Portland, OR 97204

Re: Execution of Amendment No. 1, Addendum to Design/Build Agreement,
Water Treatment Plant

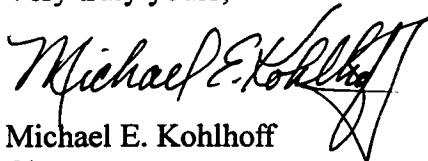
Dear Joe:

As you are aware, the Wilsonville City Council adopted Resolution No. 1660 which approved and authorized Mayor Charlotte Lehan to execute Addendum No. 1 to the Design/Build Agreement between the City and Montgomery Watson, Inc., Montgomery Watson Americas, Inc., and Montgomery Watson Constructors, Inc., effective July 7, 2000.

Four duplicate originals are enclosed, each having been duly executed by the Mayor. Please return one original, fully executed by each of the authorized representatives for the respective Montgomery Watson corporations, to my office as soon as possible and no later than July 17, 2000.

Thank you for your courtesies in this matter.

Very truly yours,


Michael E. Kohlhoff
City Attorney

mek:dp
enclosures



**AMENDMENT NO. 1, AN
ADDENDUM TO
DESIGN/BUILD AGREEMENT**

RECITALS

WHEREAS, a Design/Build Agreement (“Agreement”) was entered into effective the 22nd day of December, 1999, pursuant to Resolution No. 1628, by and between City of Wilsonville (“City” or “Owner”) and Montgomery Watson, Inc. (“MW”), Montgomery Watson Americas, Inc. (“MWA”) and Montgomery Watson Constructors, Inc. (“MWC”) collectively known as (“Montgomery Watson” or “Design/Builder”); and

WHEREAS, said Agreement requires that a Guaranteed Maximum Price (GMP) be established for the Work to be performed or provided by Design/Builder pursuant to the Contract Documents; and

WHEREAS, the November 1, 1999 Request for Qualifications, adopted by Resolution No. 1602 established a projected budget for a 120 mgd intake structure, 15 mgd initial plant, and 70 mgd piping at \$44,921,000; and

WHEREAS, the Design/Builder has provided the Owner with the 10% Preliminary Engineering Design, the Design to GMP (30%), the Final Design Documents, and the GMP Addendum Documents; and

WHEREAS, Volume 1 and 2 of the Design to GMP documents (30%) in their entirety have been included in the Final Design Document; and

WHEREAS, the Owner has reviewed and approved the Design to GMP document and approved a concept for the Final Design Documents, with additions and changes noted on Exhibit N, the GMP Addendum Documents; and

WHEREAS, all costs to complete all obligations of MW under the Design/Build Agreement as hereinafter amended per Volume 3 of the Design to GMP document, the final design document and additions at Exhibit N, attached hereto and incorporated by reference herein, are included in the Guaranteed Maximum Price proposal from Montgomery Watson; and

WHEREAS, access decisions have been deferred for later review by the Development Review Board (DRB) and these decisions could impact overall project costs; and

WHEREAS, the City is conducting contract negotiations with an operations operator finalist recommended by the technical solicitations team and subject to final approval by Owner,

and as part of the negotiation process the operator still needs to review and comment on the plant electrical control concept and administrative layout, which could impact overall project costs; and

WHEREAS, since DRB also conditioned a further site design review of certain landscape areas there have been landscaping and other modifications since the final design documents were submitted to DRB and are subject to DRB approval, which could impact overall project costs; and

WHEREAS, a separate contingency is required to cover the above potential added costs because of changing conditions that cannot be confirmed at this time, but can be reasonably estimated to establish a separate owner controlled contingency of \$955,000 set forth in Exhibit M, attached hereto and incorporated by reference herein, and shall be added to the guaranteed maximum price at the time a change order is issued for an owner controlled contingency item; and

WHEREAS, Exhibit B, Major Project Milestone Schedule to the Agreement was based on the City issuing a notice to proceed with construction by July 1, 2000; and

WHEREAS, paragraph 4.3 requires that the owner shall cause the delivery of and access to the Site by Design/Builder by dates set forth in schedule; and

WHEREAS, construction access to the water treatment plant site will be available after July 1, 2000, but before July 17, 2000; and

WHEREAS, resolution of some access, easement and permit issues are pending; and

WHEREAS, owner and Design/Builder desire to start construction now; and

WHEREAS, it is anticipated that it will take until July 17 to obtain signatures on this Amendment No. 1; and

WHEREAS, the notice to proceed with construction will be issued no later than July 18, 2000, and Exhibit B needs to be revised in accordance therewith; and

WHEREAS, paragraph 10.4 Bonds of the Design Build Agreement requires the Design Builder to furnish and deliver to the Owner a Labor and Materials Bond and a Performance Bond covering the design and construction work in the penal sum equal to the Guaranteed Maximum Price; and

WHEREAS, paragraph 3.5.5 Incorporation of Contract Documents requires that each subcontract shall incorporate any terms of this agreement and the contract documents to the

extent applicable to the work to be performed by the subcontractor and necessary to make all provisions of this contract effective; and

WHEREAS, given the paragraph 10.4 Bond requirement for the Design Builder, the elimination from paragraph 3.5.5 of any overlap in the bond requirement for subcontractor such as the plant contractor, the intake contractor and the electrical contractor for performance and payment bonds could reduce costs substantially without adversely affecting the City; and

NOW, THEREFORE, the parties do hereby agree to amend the Design/Build Agreement by this Amendment No. 1 as follows:

1. ARTICLE 5, Schedule & Completion, paragraph 5.2 Notice to Proceed shall be deleted and replaced by:

5.2 Notice to Proceed. The City Engineer will issue the notice to proceed for the water treatment plant no later than July 18, 2000, provided this Amendment No. 1 has been executed by all parties, the intake structure and the transmission main when this Amendment No. 1 has been duly executed by the parties and necessary permits have been issued and necessary easements for construction have been executed. The Design/Builder will be entitled to an equitable adjustment to Exhibit B, Revised Major Project Milestone Schedule, if the notices to proceed are delayed by the City in executing this Amendment No. 1, issuance of necessary permits, and/or the execution of necessary easements, causing delay to any major project schedule times set forth in the revised Exhibit B.

2. ARTICLE 6, Price and Payment, paragraph 6.1, GMP, shall be amended by adding:

6.1.1 Established GMP. The Guaranteed Maximum Price (GMP) shall be and is established at \$43,097,341.00. The schedule of values for the Guaranteed Maximum Price is attached as Exhibit E, Revised Guaranteed Maximum Price and Schedule of Values.

3. ARTICLE 7, Change Orders, shall be amended by adding a new paragraph 7.7

7.7 Owner's Change Order Account. Owner shall maintain a Change Order Account for the purpose of providing for Change Orders authorized under Article 7 and as set forth in owner controlled contingency in Exhibit M. Upon written notice from the City Engineer, the amount authorized from this account by the Change Order shall be added to the GMP without further amendment to this Agreement, up to a cumulative limit of \$955,000. Change Order amounts in excess of this limit shall be authorized by written amendment to this Agreement.

4. ARTICLE 10, Insurance and Bonds, paragraph 10.4 Bonds shall be deleted and replaced by:

10.4 Bonds. Design/Builder and /or its prime subcontractors, Natt McDougall Company, Slayden Construction, Tigard Electric, Inc. and Professional Services Industries, shall furnish and deliver to Owner Labor and Materials Bonds and Performance bonds before commencing the Design and Construction Work on the Site that shall cover such Design and Construction Work. The Labor and Materials Bond and the Performance Bond shall each name Owner as obligee and shall each be in the penal sum equal to the GMP. The Labor and Materials Bond and Performance Bond shall be in the forms set forth as Exhibit F. All premiums for the Labor and Materials Bond and Performance bond shall be included in the GMP. The Labor and Materials Bond and Performance Bond shall be issued by a surety who is (i) on the U.S. Department of Treasury list for the amount of its responsibility and (ii) licensed to do business in the State. Until the GMP is established, the penal amount of the bonds will be the estimated cost of design and other services to establish the GMP. When the GMP is established, the penal amount of the bonds will be increased to the amount of the GMP. Design/Builder shall assume the risk for the non-performance of any subcontractor and/or supplier, including, but not limited to, the financial risk of any such subcontractor or supplier who is either not bonded or insufficiently bonded.

5. The Design/Build Agreement shall be further amended by adding and incorporating into the Design/Build Agreement by reference as if fully set forth therein the following exhibits, which exhibits shall be placed on file and as of record with the City Recorder, the City Engineer and MW:

Exhibit B – Revised. Revised Major Project Milestone Schedule which shall be substituted for and replace the original Exhibit B.

Exhibit E – Revised Guaranteed Maximum Price (GM) and Schedule of Values which shall be substituted for and replace the original Exhibit E.

Exhibit J – The 10% Preliminary Engineering Design.

Exhibit K – Volume 3 of the Design to Guaranteed Maximum Price (30%).

Exhibit L – The final design document is approved in concept subject to technical approval by the Oregon Health Department, the Building Official, the Clackamas County Electrical Plans Examiners, and the Tualatin Fire and Rescue.

Exhibit M– The Guaranteed Maximum Price submittal with Schedule of Values and Owner Controlled Contingency.

Exhibit N – Changes to the final design documents included in the Guaranteed Maximum Price.

This Amendment No. 1 shall be effective July 7, 2000, and except as otherwise set forth in this Amendment No. 1, the terms and conditions of the Design/Build Agreement remain in full force and effect.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written.

CITY OF WILSONVILLE

MONTGOMERY WATSON, INC.

Charlotte Lehan

By _____
Its: Mayor

By _____
Its: _____

APPROVED AS TO FORM:

MONTGOMERY WATSON AMERICAS,
INC.

This ____ day of _____, 2000.

Michael E. Kohlhoff, City Attorney
City of Wilsonville, Oregon

By _____
Its: _____

MONTGOMERY WATSON
CONSTRUCTORS, INC.

By _____
Its: _____

**EXHIBIT B
MAJOR PROJECT MILESTONE SCHEDULE**

| MILESTONE | DATE OR DURATION |
|---|---|
| INITIAL OWNER NOTICE TO PROCEED | DECEMBER 23, 1999 |
| 10 % PRELIMINARY ENGINEERING DESIGN DEVELOPMENT SUBMITTAL | FEBRUARY 16, 2000 |
| OWNER'S APPROVAL OF 10% SUBMITTAL | MARCH 16, 2000 |
| GMP DESIGN SUBMITTAL | APRIL 3, 2000 |
| OWNER'S NOTICE TO PROCEED FOR TO PROCURE VENDORS AND SUBCONTRACTORS AND START MOBILIZATION ACTIVITIES, SHOP DRAWINGS AND SUBMITTALS | APRIL 3, 2000 |
| OWNER' APPROVAL OF GMP DESIGN SUBMITTAL | MAY 3, 2000 |
| SUBMIT DESIGN/CONSTRUCTION GMP PRICE | JUNE 1, 2000 |
| SUBMIT CONSTRUCTION DESIGN DELIVERABLE | JULY 1, 2000 |
| OWNER'S CONSTRUCTION NOTICE TO PROCEED FOR FIELD INSTALLATION | JULY 7, 2000 |
| OWNER'S APPROVAL OF CONSTRUCTION DESIGN DELIVERABLE | AUGUST 1, 2000 |
| 3 MGD CAPACITY AVAILABLE TO DISTRIBUTION SYSTEM | 639 DAYS AFTER CONSTRUCTION NOTICE TO PROCEED (APRIL 7, 2002 BASED ON JULY 7, 2000 CONSTRUCTION NOTICE TO PROCEED) |
| SUBSTANTIAL COMPLETION | 761 DAYS AFTER CONSTRUCTION NOTICE TO PROCEED (AUGUST 7, 2002 BASED ON JULY 7, 2000 CONSTRUCTION NOTICE TO PROCEED) |
| FINAL COMPLETION | 822 DAYS AFTER CONSTRUCTION |

| | |
|--------------------------------|--|
| | NOTICE TO PROCEED (OCTOBER 7, 2002 BASED ON JULY 7, 2000 CONSTRUCTION NOTICE TO PROCEED) |
| END OF PROJECT WARRANTY PERIOD | 365 DAYS AFTER SUBSTANTIAL COMPLETION |

MEMORANDUM



MONTGOMERY WATSON

To: Eldon Johansen **Date:** June 30, 2000
From: Joe Glicker **Reference:**
Subject: Comparison of Proposal to GMP Costs

You have asked for information as to how we moved from the estimated cost of \$36.5 million in our proposal last December, to the Guaranteed Maximum Price (GMP) of \$42.8 million. This memo summarizes that evolution.

Table 1 summarizes the changes in project cost of the major project elements and the timing of those changes, as we have estimated them since December. These costs include all permitting, community involvement, engineering, construction, contingencies and other related costs of Montgomery Watson as design-builder. They do not include any owner's agent costs.

Table 1
Summary of Changes in Estimated Project Costs

| Project Element | Proposal | 10% Design Submittal Estimate | 30% Design Submittal Estimate | GMP | Difference Between GMP and Proposal |
|--------------------------------|---------------------|--------------------------------------|--------------------------------------|---------------------|--|
| Date of Estimate | November 29, 1999 | February 16, 2000 | March 31, 2000 | June 1, 2000 | |
| Raw Water Intake and PS | \$ 6,500,000 | \$ 7,250,000 | \$ 8,400,000 | \$ 7,510,000 | \$1,028,000 |
| Water Treatment Plant | \$26,500,000 | \$28,080,000 | \$29,885,000 | \$32,697,000 | \$6,020,000 |
| Finished Water Pipeline | \$ 3,500,000 | \$ 3,500,000 | \$ 2,980,000 | \$ 2,890,000 | -\$ 686,000 |
| TOTAL | \$36,500,000 | \$38,830,000 | \$41,270,000 | \$43,097,000 | \$6,597,000 |

Table 2 provides as detailed a comparison as is possible between the costs that we had assumed in the proposal, and the costs that are now in the GMP. The estimated cost from the proposal, the GMP cost, and the difference between the proposal and GMP cost are shown for each major



item in the project. Also shown in Table 2 is a brief summary for the reasons for these differences. Some comments on this comparison are appropriate:

- The difference in cost in the raw water pump station/intake is due to the increase in size from 70 mgd in the proposal, to 120 mgd. This was done at the 10% design submittal as a result of the participation of the Tualatin Valley Water District (TVWD). While the price of this element increased, the City of Wilsonville's proportionate share of the cost of this element dropped \$600,000 as a consequence of having a larger TVWD involvement in the project.
- The increase in cost on the Actiflo clarification system was a consequence of the City's desire to have 100% redundancy throughout the design. The proposal included two Actiflo unit process trains, each sized at 7.5 mgd. This was increased to two 15 mgd trains in the 10% design submittal. We also added a pilot study with Actiflo to demonstrate that this process will in fact work on the Willamette. The resulting cost increases were \$500,000.
- In the proposal, we assumed that native soil from the site excavations (primarily the clearwell, filters, and ozone contactors) could be used for backfill. We also assumed that disposal of excess soil would be similar to that which occurs on most projects. We assumed soils would be hauled to some nearby location and provided at no cost to someone who wanted it for fill dirt. When we conducted on-site geotechnical studies, the soil report did not allow use of native soil for backfill. Due to the high level of local construction activity, the only dump sites that were available had significant tipping charges associated with them. Hauling this excess soil would have resulted in excess project costs of almost \$900,000 had we not mitigated it. As a consequence, we re-engineered the backfill design to allow us to reuse some of soil on site and we re-graded the site to place more soil on site. This reduced the increase in soil handling costs, but still left them several hundred thousand dollars above those that would have normally been expected and that were included in the proposal. (As an aside note, this is an example of how design-build does in fact save money. In a traditional design/bid/build process, the City would have just paid the full excess disposal cost in the bidding process without even knowing it).
- In the proposal, we had assumed that nice, architectural finishes would be utilized on the administration and other buildings. However, through the public input process, we have developed a more extensive architectural concept. This concept integrates the park, the water treatment plant, and the surrounding environment. Major components of cost increases include replacing fencing with a wall along the western edge; maintaining a fixed elevation along the western wall; special finishes on water holding structures in addition to those on the buildings; and large windows that allow viewing into some of the buildings. The net of these changes added over \$800,000 to the project cost. These costs show up in cost increases to the ozonation contactors, chemical feed building, filters, and finished water pump station.
- We had assumed extensive landscaping to screen the neighbors from the plant in the proposal. However, through the community involvement process we agreed to plant the tallest trees possible to provide more immediate screening. This added cost to the landscaping plan.



- The proposal did not include park features such as the interpretative path along the plant wall, picnic shelters, and the bridge overlook to the river. These were added as part of the architectural concept to break up the imposing length of the water treatment plant wall, in response to neighbor concerns, and in order to create a public amenity at the plant site.
- A water feature was not included in the proposal. Again, it arose as part of the architectural concept and community input.
- The proposal assumed that the road on the plant site would be built as a private driveway. Instead, it is being built to full-width City street standards with curbs, gutters, sidewalks, and a joint pedestrian/bike pathways. While the proposal included the cost of a bridge over Arrowhead Creek, we had to significantly extend the span of the bridge to completely avoid any wetland impacts and the associated impact on the schedule for obtaining Army Corps 404 and other permits for the project. These changes in the road and bridge resulted in a cost increase of over \$500,000.
- The costs for extension of electrical service by PGE to the site are much higher than are routinely found. We had included an allowance for improvements in PGE's supply system to the site in our proposal cost based on the discussions that we had at that time with PGE. However, actual PGE service costs are now a couple of hundred thousand dollars higher than what we had been led to believe they were during the proposal. Other electrical costs in the proposal were estimated as a percentage of other project costs, based on what is typically found in water treatment plant projects. There was, however, no specific definition of plant electrical system requirements. That generalized estimate proved to be low for this project
- The costs for extension of telephone service to the site are much higher than are routinely found. We had assumed service could be extended from Brockway Dr. to the plant. However, it must now come from Wilsonville Road. The instrumentation and telemetry costs in the proposal were estimated as a percentage of other project costs, based on what is typically found in water treatment plant projects. There was, however, no specific definition of instrumentation and telemetry requirements. That generalized estimate proved to be low for this project.
- The proposal did not include an emergency power generator. Based on the City's experience with power reliability at its wastewater treatment plant nearby, the City decided during the 10% design process to add an emergency generator to the project.
- During the design process, we discovered that a barge had been buried on the site. That was unknown at the time of the proposal. Removal and disposal costs are now included in the project.

**TABLE 2
PROPOSAL AND GMP COST COMPARISON**

| PROJECT ELEMENT | PROPOSAL | GMP | DIFFERENCE | REASONS FOR MAJOR VARIATIONS |
|--|---------------------|---------------------|--------------------|--|
| RAW WATER PUMP STATION AND INTAKE | \$6,500,000 | \$7,510,000 | \$1,010,000 | Increase to 120 mgd |
| WATER TREATMENT PLANT | \$26,500,000 | \$32,701,000 | \$6,201,000 | |
| Clarification (actiflo) | \$3,000,000 | \$3,570,000 | \$570,000 | Full redundancy of actiflo system; actiflo pilot test |
| Ozone contactors and generators | \$2,600,000 | \$2,840,000 | \$240,000 | Impact of incorporating architectural wall on facility |
| Filters | \$3,200,000 | \$3,430,000 | \$230,000 | Earth handling due to soils report and lack of local disposal site; impact of arch. wall |
| Chemical Feed | \$2,100,000 | \$2,300,000 | \$200,000 | Impact of incorporating architectural wall on facility |
| Backwash & WW Recovery | \$1,100,000 | \$1,200,000 | \$100,000 | Estimating variation |
| Sludge Handling | \$1,600,000 | \$1,650,000 | \$50,000 | Small estimating variation |
| Clearwell | \$2,800,000 | \$3,025,000 | \$225,000 | Earth handling due to soils report and lack of local disposal site |
| FW PS | \$1,900,000 | \$2,240,000 | \$340,000 | Impact of incorporating architectural wall on facility |
| Admin Building | \$1,000,000 | \$1,180,000 | \$180,000 | Architectural design; response to community input/DRB review |
| Landscaping | \$250,000 | \$340,000 | \$90,000 | Big trees to screen neighbors; response to community input/DRB review |
| Park Features | \$0 | \$984,000 | \$984,000 | River overlook; screening of neighbors; interpretative walkway |
| Water Feature | \$0 | \$597,000 | \$597,000 | Screening, site amenity; water wall, ponds |
| Roads and Bridge | \$1,000,000 | \$1,550,000 | \$550,000 | Street design instead of plant road; avoid wetlands impact on bridge; access issues |
| Storm Drainage | \$150,000 | \$195,000 | \$45,000 | Requirements for erosion control |
| Overflow and Yard Piping | \$1,900,000 | \$1,990,000 | \$90,000 | Small estimating variation |
| Electrical | \$2,900,000 | \$3,630,000 | \$730,000 | High electrical service cost; low proposal estimate |
| Instrumentation and Telemetry | \$1,000,000 | \$1,340,000 | \$340,000 | Excess phone costs; low proposal estimate |
| Emergency Generator | \$0 | \$500,000 | \$500,000 | City request based on WWTP experience |
| Barge Removal | \$0 | \$140,000 | \$140,000 | Discovered on site |
| FINISHED WATER PIPELINE | \$3,500,000 | \$2,889,000 | -\$611,000 | High proposal estimate |
| TOTAL | \$36,500,000 | \$43,100,000 | \$6,600,000 | |

M E M O R A N D U M**MONTGOMERY WATSON****To: Mike Stone****Date: June 29, 2000****From: Joe Glicker** **Reference:****Subject: GMP**

Attached is a revised Exhibit E to our Design-Build Contract detailing the Guaranteed Maximum Price (GMP) for the Willamette Water Treatment Plant project. Exhibit E shows the GMP by subcontractor work package and by the process unit Schedule of Values

Several comments and qualifiers are appropriate regarding the GMP.

1. The GMP includes all project elements as shown in the 100% drawings and all modifications as shown in the GMP Addendum. Anything shown or represented in those documents has been included in the GMP.
2. The GMP assumes the City will issue a construction Notice-to-Proceed by July 18, 2000 that includes access as described below, that the U.S. Army Corps of Engineers issues a 404 permit by September 1, 2000, and that this 404 permit allows in-river work to occur this year.
3. The park water feature is undergoing continued review. Any further modifications or changes beyond those shown in the GMP Addendum that increases or decreases costs will be addressed at that time as a change to the scope and adjustments made accordingly to the GMP from the City's contingency.
4. There are miscellaneous landscaping adjustments near the Administration Building area including path revisions as shown in the GMP Addendum, and additional landscaping at the "throat" area, that will need to be submitted to the DRB for review and approval. If further modifications result from the DRB process they will need to be reviewed to determine if any scope additions or deletions have incurred which impact price, and adjustments made accordingly to the GMP from the City's contingency.
5. It is assumed that site access is provided from three separate points in stages and that the City has all necessary rights-of-way and easements for these accesses. Per the DRB approval conditions, large oversized construction equipment will be brought to the site via Brockway following 24 hour notification to those on the access route. Temporary construction access will be provided from the Old Haul Road (Jobsey Lane) and Brown Road. All easements and parking restrictions necessary for this access are provided by the City and will be in-place on the date of construction notice-to-proceed. Permanent construction and site access will be obtained from Industrial Way via a new road and bridge crossing of Arrowhead Creek. Once the new bridge is in-place, the temporary construction along the Old Haul Road will cease. If



this access plan is modified, if a temporary bridge or other adjustment is needed on the Old Haul Road, or if easements are not in-place on the date of construction notice-to-proceed, the implications on cost and schedule will be reviewed and adjustments made accordingly to the GMP from the City's contingency.

6. The GMP includes the costs of the roadway to the property line. If roadwork to Wilsonville Road is desired once the access issues are resolved, this would need to be incorporated into the GMP from the City's contingency.
7. The Operations Contractor that has been selected may wish adjustments in the Administration Building layout, in process design details, or in instrumentation and controls. We will be meeting with them and the City to determine what, if any, of such modifications should be included in the project. Adjustments will be then need to be made accordingly to the schedule and to the GMP from the City's contingency.
8. The finished water pipeline alignment is shown in the GMP Addendum. If there are any future adjustments to the pipeline alignment, appropriate adjustments would need to be made to the GMP from the City's contingency and schedule would be revised if necessary.
9. The finished water pipe crossing of Arrowhead Creek will be performed using a jack and bore method.
10. As listed above, items that are identified as not being included in the GMP, will be included in the City's contingency. Other modifications to the project scope that the City may wish to make will also be funded from the City's contingency.

**EXHIBIT E
SCHEDULE OF VALUES**

All values shown in this Schedule of Values are estimates prepared for the Guaranteed Maximum Price. The Schedule of Values will be revised to reflect actual project costs at project close-out.

WORK PACKAGES SCHEDULE OF VALUES

ENGINEERING, PERMITTING AND MANAGEMENT SERVICES:

| | |
|--|--------------------|
| MANAGEMENT SERVICES : | \$400,000 |
| 10% PRELIMINARY ENGINEERING: | \$325,000 |
| GMP DESIGN: | \$155,000 |
| CONSTRUCTION DESIGN: | \$975,000 |
| ENGINEERING SERVICES DURING CONSTRUCTION: | \$1,445,000 |

**SUBTOTAL
ENGINEERING, PERMITTING AND MANAGEMENT: \$3,300,000**

CONSTRUCTION:

| | |
|---|---------------------|
| GMP PRICE PREPARATION: | \$ 320,000 |
| PRECONSTRUCTION ACTIVITIES: | \$ 350,000 |
| CONSTRUCTION SUPERVISION: | \$ 1,992,926 |
| WORK PACKAGE#1 BARGE REMOVAL: | \$ 117,185 |
| WORK PACKAGE # 2 RAW WATER INTAKE: | \$ 5,755,730 |
| WORK PACKAGE #3 WATER TREATMENT PLANT: | \$16,399,612 |
| WORK PACKAGE #4 CLEARWELL: | \$ 1,383,367 |

| | |
|--|---------------------|
| WORK PACKAGE #5 | |
| FINISHED WATER PIPELINE: | \$ 1,962,038 |
| WORK PACKAGE #6 | |
| ACCESS ROAD AND BRIDGE: | \$ 1,164,819 |
| WORK PACKAGE #7 | |
| ELECTRICAL: | \$ 5,855,323 |
| WORK PACKAGE #8 | |
| EQUIPMENT: | \$ 3,506,612 |
| WORK PACKAGE #9 | |
| RAW WATER PIPELINE: | \$ 541,026 |
| BONDS AND INSURANCE | \$ 448,703 |
| SUBTOTAL CONSTRUCTION: | \$39,797,341 |
| TOTAL GUARANTEED MAXIMUM PRICE (GMP): | \$43,097,341 |

PROCESS UNIT SCHEDULE OF VALUES:

| | |
|-------------------------------|-------------|
| Raw water intake and | |
| Pump station : | |
| Screening | \$ 724,386 |
| Intake Pipe | \$1,368,175 |
| Wetwell | \$2,189,079 |
| Pump Station Building | \$1,403,001 |
| Pumps | \$ 597,022 |
| Electrical Wire and Conduit | \$ 199,007 |
| Electrical Equipment | \$ 398,014 |
| Raw Water Pipeline | \$ 611,947 |
| Water treatment plant: | |
| Clarification | \$3,566,642 |
| Ozone Building and Piping | \$ 497,518 |
| Ozone Contactor | \$1,539,332 |
| Ozone Generators | \$ 770,119 |
| Ozone Destruct Units | \$ 149,255 |
| Filters | \$3,383,539 |
| Filter Waste | \$ 49,752 |
| Chemical Building | \$ 597,022 |
| Chemical Feed Systems | \$1,703,186 |

| | |
|---------------------------------|-------------|
| Backwash System | \$1,195,215 |
| Sludge Handling | \$1,647,914 |
| Clearwell | \$3,023,831 |
| FW Pump Station Building | \$1,167,581 |
| FW Pumps | \$ 377,126 |
| FW Wire and Conduit | \$ 199,007 |
| FW Electrical Equipment | \$ 497,518 |
| Administration Building | \$1,183,826 |
| Landscaping and Irrigation | \$1,324,610 |
| Water Feature | \$ 597,022 |
| Roads and Bridge | \$1,549,400 |
| Storm drainage | \$ 194,584 |
| Overflow and yard piping | \$1,990,072 |
| Electrical Service | \$3,532,378 |
| Instrumentation and Telemetry | \$1,343,299 |
| Backup Power Generator | \$ 497,518 |
| Barge Removal | \$ 139,305 |
| Finished water pipeline: | |
| Meter/PRV to Wilsonville | \$ 163,740 |
| WTP to Kinsman Rd. | \$2,726,399 |

**EXHIBIT E
SCHEDULE OF VALUES**

All values shown in this Schedule of Values are estimates prepared for the Guaranteed Maximum Price. The Schedule of Values will be revised to reflect actual project costs at project close-out.

WORK PACKAGES SCHEDULE OF VALUES

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|--|--------------------|
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| GMP DESIGN: | \$155,000 |
| CONSTRUCTION DESIGN: | \$975,000 |
| ENGINEERING SERVICES DURING CONSTRUCTION: | \$1,445,000 |

SUBTOTAL

ENGINEERING, PERMITTING AND MANAGEMENT: \$3,300,000

CONSTRUCTION:

| | |
|---|---------------------|
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| | |
| SUBTOTAL CONSTRUCTION: | \$39,797,341 |
| | |
| TOTAL GUARANTEED MAXIMUM PRICE (GMP): | \$43,097,341 |

PROCESS UNIT SCHEDULE OF VALUES:

| | |
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| Filters | \$3,383,539 |
| Filter Waste | \$ 49,752 |
| Chemical Building | \$ 597,022 |
| Chemical Feed Systems | \$1,703,186 |

| | |
|---------------------------------|-------------|
| Backwash System | \$1,195,215 |
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| FW Pump Station Building | \$1,167,581 |
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| Landscaping and Irrigation | \$1,324,610 |
| Water Feature | \$ 597,022 |
| Roads and Bridge | \$1,549,400 |
| Storm drainage | \$ 194,584 |
| Overflow and yard piping | \$1,990,072 |
| Electrical Service | \$3,532,378 |
| Instrumentation and Telemetry | \$1,343,299 |
| Backup Power Generator | \$ 497,518 |
| Barge Removal | \$ 139,305 |
| Finished water pipeline: | |
| Meter/PRV to Wilsonville | \$ 163,740 |
| WTP to Kinsman Rd. | \$2,726,399 |

EXHIBIT M
120mgd INTAKE / 15 mgd WTP

WILSONVILLE / TVWD

| | |
|---|--|
| | |
| Design- Build Contract GMP & Contingency | |
| 6/30/00 | |

PROJECT ELEMENT

| | |
|---|----------------------------|
| <i>TOTAL GMP</i> | <i>\$43,097,341</i> |
| <i>Additional contingency in D-B contract</i> | |
| Placeholder-added road repair on Industrial Way from property to WV Rd | |
| Placeholder-added bicycle and pedestrian trail from property on Industrial Way to WV Rd to Kinsman | |
| Placeholder-Upgrade of haul road | |
| Placeholder-delay of work in river until Spring 2001 | |
| Placeholder, bicycle trail along Old Haul Road | |
| Admin bldg revisions | |
| Brockway ext if reqd | |
| Improvements suggested by operator | |
| Other contingency | |
| Total contingency in D-B contract | <i>\$955,000</i> |
| Total in D-B contract | <i>\$44,052,341</i> |

**COMMUNITY DEVELOPMENT
STAFF REPORT**

Date: June 29, 2000

To: Honorable Mayor and City Councilors

From: Eldon R. Johansen, Community Development Director

Subject: Approval of Resolution Authorizing the Guaranteed Maximum Price and The Beginning of Construction for the Willamette River Water Treatment Plant And Extension of Owner's Representative Services

BACKGROUND:

On September 21, 2000, the voters approved up to \$25 million in revenue bonds for construction of a water treatment plant to use Willamette River water as a long-term water supply source. At the time the ballot measure was approved we did not know if we would have other partners. There were two basic alternatives that were presented to the voters as options depending on who would be involved in construction of the water treatment plant. The alternatives were as follows:

City participation at 10 MGD in a subregional water treatment plant with an initial capacity of 35 MGD with potential partners including Sherwood, Tualatin, Tigard and Tualatin Valley Water District. This project included City water treatment plant capacity of 10 MGD, a City oversizing of the intake, the piping within the plant, some plant components and the finished waterline from the plant to the vicinity of Grahams Ferry Road and Day Road with the oversizing to serve a build-out requirement of 20 MGD.

The other alternative was for City construction of a 5 MGD initial capacity with the intake, plant piping and some plant components sized for 20 MGD and the finished waterline terminating at the intersection of Wilsonville Road and Kinsman Road. Access for this alternative was planned from Brockway.

At the time the preparations for the previously mentioned election were underway, the State Department of Corrections was negotiating to obtain water for the Women's Prison and Intake Center. Their plan was to obtain initial interim water from Tualatin Valley Water District by transfer from the water district through Tualatin, through the City of Wilsonville storage, transmission and distribution systems to the prison. Under this scenario the City would have received \$3.6 million for transmission facilities and systems development charges for the ultimate connection to the City system with the City providing long-term water from the water treatment plant after it was constructed. Subsequently, Tualatin Valley Water District was not able to provide water to the prison and the City agreed to expedite construction of the water treatment plant so it could provide water to the prison in October 2001 from existing wells and in summer of 2002 from the proposed water treatment plant. This change in plans resulted in the Department of Corrections agreeing to provide an additional \$6.4 million to the City for expediting and constructing a water treatment plant to provide water service.

Subsequent elections in Tigard, Sherwood and Tualatin resulted in these municipalities not participating in the initial phase of the water treatment plant. The Tualatin Valley Water District had initially planned to participate in the intake to give an ultimate capacity of the intake at 70 MGD. 70 MGD in transmission capacity from the intake structure to Day Road and no participation in the water treatment plant construction. TVWD subsequently reevaluated their position and increased participation in the intake structure to a total capacity of 120 MGD and also 5 MGD in initial treatment plant capacity. Under the current agreement with Tualatin Valley Water District the finished water main will terminate at the intersection of Wilsonville Road and Kinsman Road. Preliminary modeling results indicate that the City transmission and distribution system can accommodate up to 12 MGD in water from the water treatment plant at the intersection of Wilsonville Road and Kinsman Road after the waterline west to Willamette Way is completed. This waterline is under construction and is being completed prior to the beginning of water service from the treatment plant.

To expedite construction of the water treatment plant, the City, through a competitive selection process, selected Montgomery Watson Incorporated ("MW"), Montgomery Watson Americas, Incorporated ("MWA") and Montgomery Watson Constructors, Incorporated ("MWC") collectively known as design/builder to design and construct the water treatment plant. The City also selected CH2M Hill to provide owner's representative services during design and construction of the water treatment plant.

The design is now complete and the permitting process is proceeding sufficiently well so that Council can approve the guaranteed maximum price and authorize onsite construction.

In addition to the payments to Montgomery Watson in accordance with the guaranteed maximum price there are other items that the City will pay with a prorata reimbursement from the Tualatin Valley Water District. This includes the following:

- ❑ Continuing owners representative services by CH2M Hill for an onsite representative, an onsite owner's representative.
- ❑ An onsite representative of the plant operator, to ensure that the operator is fully familiar with all of the underground facilities of the water treatment plant.
- ❑ Access easements and possible construction if any as required for permanent access.
- ❑ Potential added bicycle and pedestrian trail expenses, as may be required from DRB.
- ❑ Systems development charges and a contingency for other unknown expenses. These items have been included in the cost estimate that is Attachment B to the resolution. There have been revenue increases or reduced expenditures, which will more than offset any increased costs. Offsets include the following:
 1. The agreement by the Department of Corrections to contribute \$6.4 million to the cost of expediting and constructing the water treatment plant.
 2. A reduction in City costs for the intake of \$605,000 because of the decision by Tualatin Valley Water District to oversize the intake structure and intake line from 70 MGD to 120 MGD, thereby reducing the proportional City share of construction costs and reducing the unit price of construction costs.

3. The original participation in the supply facility by Tualatin Valley Water District was to be \$15 million. They have subsequently agreed to increase the total amount to not exceed \$17 million, thereby decreasing the City out-of-pocket costs by an equivalent amount.

The net result of the previously mentioned additional revenues and decreased costs has resulted in the ability of the City to pay for construction of 10 MGD of an initial 15 MGD per plant capacity with a reduction of approximately \$5 million in overall bond requirements.

This does not end the staff work that is required to obtain a long-term water source from the Willamette River in April 2002. Mike Stone, City Engineer will continue to manage plant construction through Montgomery Watson and CH2M Hill. The Public Works and Community Development staff will be working with Tualatin Valley Water District and the selected plant operator to develop a contract for plant operations. In addition, the Community Development, Public Works, Legal and Finance staffs will be working with representatives from the Tualatin Valley Water District to expand the scope of the Intergovernmental Agreement between TVWD and the City to include much greater detail on plant operations, plant expansion, plant leases and other miscellaneous activities that are essential to coordinate on any activities between TVWD and the City.

RECOMMENDATION:

That Council approve Resolution No. 1660 authorizing the Mayor to sign an amendment to the design/build contract establishing the guaranteed maximum price, establishing a contingency and authorizing construction to begin and also authorizing the City Engineer to sign Task Order No. 3 to CH2M Hill for owner's representative services during water treatment plant design and startup.

EXHIBIT 2

NOT INCLUDED IN THE PACKET