



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

Legislation Details (With Text)

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Title: Authority to increase the McCook Reservoir Excavation Agreement, to Vulcan Construction Materials, L.P., in an amount not to exceed \$900,000.00, from an amount not to exceed \$57,443,956.23, to an amount not to exceed \$58,343,956.23, Account 401-50000-645620, Purchase Order 5000176

Sponsors:

Indexes:

Code sections:

Attachments: 1. CO 73-161-EH, 2. Mining Costs

Date	Ver.	Action By	Action	Result
12/16/2010	1	Committee of the Whole	Recommended	Pass
12/16/2010	1	Board of Commissioners	Approved	Pass

TRANSMITTAL LETTER FOR BOARD MEETING OF DECEMBER 16, 2010

COMMITTEE ON PROCUREMENT

Mr. Richard Lanyon, Executive Director

Authority to increase the McCook Reservoir Excavation Agreement, to Vulcan Construction Materials, L.P., in an amount not to exceed \$900,000.00, from an amount not to exceed \$57,443,956.23, to an amount not to exceed \$58,343,956.23, Account 401-50000-645620, Purchase Order 5000176

Dear Sir:

On September 4, 2003, the Board of Commissioners authorized and approved the execution of an agreement with Vulcan Construction Materials, L.P. (Vulcan), for excavation of the McCook Reservoir. The terms of the agreement provide for reimbursement of "Hard Costs" associated with the mining operation over a period of approximately 14 years. The agreement recognized that additional hard cost items would be identified and provided for their reimbursement. The agreement also recognized that the costs included were initial estimates and that reimbursement would be based on costs actually incurred. The attached table provides a summary of the latest estimate of hard costs.

As of December 3, 2010, the attached list of change orders has been approved. The effect of these change orders resulted in an increase in an amount of \$12,403,956.23 from the original amount awarded of \$45,040,000.00. The current Purchase Order value is \$57,443,956.23. The prior approved change orders reflect a 27.5% increase to the original Purchase Order value.

An increase is now required to reimburse Vulcan for the cost of modifying the existing parking lot and installing a retaining wall along the south and east walls of the parking lot in Stage 1 of the McCook Reservoir. A retaining wall is required around the parking lot because the top of rock elevation is substantially lower than anticipated, which would otherwise require a shift in the mining line and a subsequent reduction in storage capacity. The installation of the retaining wall allows Vulcan to mine closer to the parking lot in order to

maintain maximum storage capacity in the reservoir. Additionally, the parking lot will be reduced in size to provide additional storage capacity.

The modification of the parking lot and installation of the retaining wall is a critical item as Vulcan intends to mine in that area in the spring of 2011. In order to prevent an impact to the schedule and allow for this work to be performed in the safest manner, it is necessary to have Vulcan perform this work as a hard cost. Vulcan estimates that the reduction of the parking lot and the retaining wall installation will cost approximately \$900,000.00.

This change order is in compliance with the Illinois Criminal Code since the change is due to circumstances not reasonably foreseeable at the time the contract was signed, and is in the best interest of the District.

It is hereby recommended that the Board of Commissioners authorize the Director of Procurement and Materials Management to execute a change order to increase Purchase Order 5000176 in an amount of \$900,000.00 (1.6% of the current contract value) from an amount of \$57,443,956.23 to an amount not to exceed \$58,343,956.23.

Funds are available in Account 401-50000-645620.

Requested, Kenneth A. Kits, Director of Engineering, WSS:KMF

Recommended, Darlene A. LoCascio, Director of Procurement and Materials Management

Respectfully Submitted, Barbara J. McGowan, Chairman Committee on Procurement

Disposition of this agenda item will be documented in the official Regular Board Meeting Minutes of the Board of Commissioners for December 16, 2010

Attachments