



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

Legislation Text

File #: 16-0149, **Version:** 1

TRANSMITTAL LETTER FOR BOARD MEETING OF FEBRUARY 18, 2016

COMMITTEE ON PROCUREMENT

Mr. David St. Pierre, Executive Director

Authority to increase Contract 73-161-EH McCook Reservoir Excavation Agreement, to Vulcan Construction Materials, L.P., in an amount of \$1,006,895.02, from an amount of \$93,710,394.23, to an amount not to exceed \$94,717,289.25, Account 401-50000-645620, Purchase Order 5000176

Dear Sir:

On September 4, 2003, the Board of Commissioners authorized the Director of Procurement and Materials Management to award Contract 73-161-EH McCook Reservoir Excavation Agreement, to Vulcan Construction Materials, L.P. A purchase order was established in an amount of \$45,040,000.00 to reimburse Vulcan for the estimated hard costs associated with the Agreement. The contract is scheduled to expire in 2027.

As of February 5, 2016, the attached list of change orders has been approved. The effect of these change orders resulted in an increase in an amount of \$48,670,394.23 from the original amount awarded of \$45,040,000.00. The current contract value is \$93,710,394.23.

Item 1: A decrease in the value of Item 8.3.D, Start-up Equipment Rentals, in an amount of \$343,723.86 from an amount not to exceed \$3,000,000.00 to an amount not to exceed \$2,656,276.14. The decrease is being applied to reflect the actual cost of the start-up equipment rentals, now that the work is complete.

Item 2: An increase in the value of Item 8.3.F.1 and 2, Short Bench Mining - Non-Developmental, in an amount of \$650,000.00 from an amount not to exceed \$700,000.00 to an amount not to exceed \$1,350,000.00. The majority of the money spent on this item thus far has been for short bench mining required to protect an adjacent 30" high pressure gas line operated by Kinder Morgan under a lease agreement with the District. As the terms of the lease call for Kinder Morgan to provide protection for the utility from District operations at their own expense, Kinder Morgan has agreed to reimburse the District for these costs. To date, Kinder Morgan has reimbursed the District \$644,279.51 in short bench mining costs.

Item 3: An increase in the value of Item 8.3.G, Additional Administration, in an amount of \$1,000,000.00 from an amount not to exceed \$3,085,000.00 to an amount not to exceed \$4,085,000.00. The Agreement requires the District to reimburse Vulcan for additional administration required solely for the McCook Reservoir site operations. This administration typically includes a full time project manager and part time accountant but has also included additional legal staff required for negotiation and settlement of various prevailing wage issues. The additional funds are required to reimburse Vulcan's projected normal administration costs for the next several years.

Item 4: A decrease in the value of Item 8.3-4, Other - Tires for Mining Trucks, in an amount of \$121,888.11 from an amount not to exceed \$700,000.00 to an amount not to exceed \$578,111.89. The decrease is being applied to reflect the actual cost of the tires required for the mining trucks, now that the procurement is complete.

Item 5: A decrease in the value of Item 8.3-5, Other - IDOT Certification, in an amount of \$82,380.33 from an amount not to exceed \$150,000.00 to an amount not to exceed \$67,619.67. The decrease is being applied to reflect the actual cost of the IDOT certification, now that the work is complete.

Item 6: A decrease in the value of Item 8.3-8, Other - Modification of Parking Lot and retaining Wall, in an amount of \$4,188.98 from an amount not to exceed \$388,447.00 to an amount not to exceed \$384,258.02. The decrease is being applied to reflect the actual cost of the parking lot modifications and retaining wall, now that the work is complete.

Item 7: A decrease in the value of Item 8.3-10, Other - Additional Haul Truck, in an amount of \$315,923.70 from an amount not to exceed \$1,700,000.00 to an amount not to exceed \$1,384,076.30. The decrease is being applied to reflect the actual cost of the additional haul trucks, now that the procurement is complete.

Item 8: An increase is now required to reimburse Vulcan for the cost of highwall inspection and scaling efforts associated with the removal of the 25' rock bench. The initial design of the reservoir included a 25' wide bench at approximately the midpoint of the reservoir depth. The intent of the bench was to create a rock catch ledge to prevent any loose and falling material from the high wall from reaching the bottom where personnel will potentially be working. The bench is intended to meet the Mine Safety and Health Administration's (MSHA) requirements for high wall protection. However, given that the US Army Corps of Engineers (Corps) is performing highwall stability work along the perimeter of the reservoir, it was requested that Vulcan remove the bench to provide additional storage volume. Vulcan agreed to remove the bench with the understanding that additional scaling and inspection may be necessary in order to safely mine near the highwall. Since this inspection and scaling is solely the result of the District's election to remove the 25' bench to gain volume, any costs associated with this work are reimbursable as hard costs, per Article 8 of the Agreement. Vulcan estimates that the inspection and scaling efforts will cost approximately \$225,000.00. This work will be added as Item 8.3.-13 of the hard costs.

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 Contract 73-161-EH in an amount of \$1,006,895.02 (1.07% of the current contract value), from an amount of \$93,710,394.23, to an amount not to exceed \$94,717,289.25.

Funds are available in Account 401-50000-645620.

Requested, Catherine A. O'Connor, 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 February 18, 2016

Attachment