



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

Legislation Text

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TRANSMITTAL LETTER FOR BOARD MEETING OF AUGUST 4, 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 \$11,600,000.00, from an amount of \$94,717,289.25, to an amount not to exceed \$106,317,289.25, 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 July 8, 2016, the attached list of change orders has been approved. The effect of these change orders resulted in an increase in an amount of \$49,677,289.25 from the original estimate of \$45,040,000.00. The current contract value is \$94,717,289.25.

Item 1: An increase in the estimate of Item 8.3.E, Pre-Splitting in an amount of \$10,000,000.00, from an amount of \$11,800,000.00, to an amount of \$21,800,000.00. The original mining agreement included estimated costs for pre-splitting the final rock walls of Stage 1 and Stage 2. However, in 2015, the Amended and Restated McCook Reservoir Excavation Agreement was executed, primarily to expand the mining limits of Stage 2 to increase the total storage volume of the reservoir from 7 billion gallons to 10 billion gallons. Additional funds are required at this time to pre-split the walls of the Expanded Stage 2 portion. The value of the increase also takes into account the additional costs, above what was contemplated in 2003, resulting from inflation.

Item 2: An increase in the estimate of Item 8.3.F, Short Bench Mining in an amount of \$1,600,000.00, from an amount of \$3,900,000.00, to an amount of \$5,500,000.00. As Stage 1 nears completion, it is necessary for Vulcan to remove a substantial portion of the mining ramp that provides access to Stage 1. The ramp is currently 100 feet wide and will be trimmed to 50 feet wide in order to realize 130,000,000 gallons of storage volume. Trimming the ramp requires specialized mining techniques not normally used in production mining as well as additional equipment and labor to scale the wall, remove rock from the smaller ledges and haul it to the crusher. With very little room for error in this process, the additional efforts are required to ensure the ramp is left at 50 feet wide and to minimize over-break which might otherwise render the ramp useless. The value of the increase reflects the additional costs for ramp removal not originally anticipated, as well as inflation since the original estimate in 2003.

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 \$11,600,000.00 (12.25% of the current contract value), from an amount of \$94,717,289.25, to an amount not to exceed \$106,317,289.25.

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 August 4, 2016

Attachments