



# Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street  
Chicago, IL 60611

## Legislation Text

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**File #:** 19-1080, **Version:** 1

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### **TRANSMITTAL LETTER FOR BOARD MEETING OF NOVEMBER 7, 2019**

#### **COMMITTEE ON PROCUREMENT**

Mr. Brian A. Perkovich, Executive Director

Authority to increase Contract 73-161-EH McCook Reservoir Excavation Agreement, to Vulcan Construction Materials, L.P. in an amount of \$3,504,813.00, from an amount of \$97,695,421.25, to an amount not to exceed \$101,200,234.25, Account 401-50000-645620, Purchase Order 5000176

Dear Sir:

On October 1, 2003, the District executed an agreement with Vulcan Construction Materials, L.P (Vulcan) to mine a portion of the Lawndale Avenue Solids Management Area (LASMA) for the McCook Reservoir, Contract 73-161-EH. This agreement was amended several times over the years. On July 9, 2015, the Board of Commissioners authorized the execution of an amended McCook Reservoir Excavation Agreement that incorporated eight previous amendments, clarified language in the original estimate, and expanded the mining area of Stage 2 so that the final reservoir capacity would be increased from 7 billion gallons to 10 billion gallons, increasing the amount of material to be excavated by over 40 percent and requiring more time to complete the mining. The contract is now scheduled to expire after completion of mining in 2028.

The terms of the agreement provide for reimbursement of "Hard Costs" associated with the mining operation over a period of approximately 20 years. The agreement recognized that additional hard cost items would be identified over time 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 purchase order had a value of \$94,717,289.25 after the amended agreement was approved and was increased to \$97,695,421.25 at the December 7, 2017 Board Meeting. As of October 18, 2019, the attached list of change orders has been approved.

Item 1: An increase in the value of Item 8.3.E, Pre-Splitting in an amount of \$8,600,000.00, from an amount of \$11,800,000.00, to an amount not to exceed \$20,400,000.00. The increase is required because the initially approved costs substantially underestimated the amount of pre-split drilling required and the cost for said work. The initial estimate also did not include costs for the Expanded Stage 2 area. Vulcan's current mine plan will allow for the completion of much of the remaining pre-split drilling within the next year.

Item 2: An increase in the value of Item 8.3.F.1 and 2, Short Bench Mining Non-Developmental in an amount of \$610,000.00, from an amount of \$1,350,000.00, to an amount not to exceed \$1,960,000.00. The increase is required because the initially approved value underestimated the amount of short bench mining protections that were required in Stage 1 and that which will be required in Stage 2. The majority of this work is required to protect a Kinder Morgan gas line and is being reimbursed to the District by Kinder Morgan.

Item 3: An increase in the value of Item 8.3.I, Incremental Insurance in an amount of \$1,350,000.00, from an amount of \$3,000,000.00, to an amount not to exceed \$4,350,000.00. The increase is required because the previously approved value underestimated the cost of the insurance and did not account for the additional years of coverage required for the excavation of the Expanded Stage 2 area.

Item 4: An increase in the value of Item 8.3-3, Other - Road Base and Stemming Material in an amount of \$1,800,000.00, from an amount of \$2,000,000.00, to an amount not to exceed \$3,800,000.00. The increase is required because the initially approved costs underestimated the volume of material that would be required to construct and maintain roads throughout the excavation process and did not account for the Expanded Stage 2 area. The uneven surface of the Stage 1 floor required a network of roads to be constructed to facilitate the work and Stage 2 will require similar roads and will also include additional temporary roads and ramps to facilitate completion of the excavation.

Item 5: An increase in the value of Item 8.3-9, Other - Groundwater Pumping System in an amount of \$410,000.00, from an amount of \$842,011.00, to an amount not to exceed \$1,252,011.00. The increase is required as a result of the updated Stage 2 mining plans. In order to diversify the product being mined, in an attempt to avoid the costly advanced mining efforts that were experienced towards the end of Stage 1 excavation, Vulcan has modified their mine plan to open access to all four levels of Stage 2 simultaneously. As a result, existing ramps have been relocated and additional temporary ramps and sumps will be required, all of which requires the installation of additional dewatering infrastructure.

Item 6: An increase in the value of Item 8.3-13, Other - Highwall Inspection and Scaling in an amount of \$100,000.00, from an amount of \$225,000.00, to an amount not to exceed \$325,000.00. The increase is required because the initially approved value was intended primarily to cover scaling needs in Stage 1. Upon completion of Stage 1 work, the District is now better positioned to estimate the cost of this work to completion.

Item 7: An increase in the value of Item 8.3-14, Other - CSO Seepage Control System in an amount of \$65,000.00, from an amount of \$1,000,000.00, to an amount not to exceed \$1,065,000.00. The increase is required to reimburse Vulcan for the actual final cost of CSO seepage control system as well as to maintain a warning alarm system that alerts Vulcan to any problems with the pumping system. The warning system is required because of the remoteness of the equipment installed and the fact that these areas are not typically manned, especially during a reservoir fill event.

Item 8: An increase in the value of Item 8.3-15, Other - 73<sup>rd</sup> Street Tunnel Plug in an amount of \$69,813.00, from an amount of \$1,900,000.00, to an amount not to exceed \$1,969,813.00. The increase is required to reimburse Vulcan for the actual final cost of the 73<sup>rd</sup> Street tunnel plug.

Item 9: A decrease in the value of Item 8.3.C.1, Incremental Conveyance System Maintenance and Repair in an amount of \$6,000,000.00, from an amount of \$9,965,000.00, to an amount not to exceed \$3,965,000.00. The decrease is being applied to reflect the updated projected cost of incremental maintenance and repair required through completion of the project.

Item 10: A decrease in the value of Item 8.3.C.2, Incremental Conveyance System Energy in an amount of \$2,500,000.00, from an amount of \$4,500,000.00, to an amount not to exceed \$2,000,000.00. The decrease is being applied to reflect the updated projected cost of incremental energy required to operate the conveyance system through completion of the project.

Item 11: A decrease in the value of Item 8.3.F.4, Short Bench Mining Materials in an amount of \$500,000.00, from an amount of \$800,000.00, to an amount not to exceed \$300,000.00. The decrease is being applied to reflect the updated projected cost of short bench mining materials required through completion of the project.

Item 12: A decrease in the value of Item 8.3.J, Performance Bond in an amount of \$500,000.00, from an amount of \$1,000,000.00, to an amount not to exceed \$500,000.00. The decrease is being applied to reflect the updated projected cost of performance bond premiums required through completion of the project.

These change orders are in compliance with the Illinois Criminal Code since the changes are due to circumstances not reasonably foreseeable at the time the contract was signed, and are 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 these change orders to increase Contract 73-161-EH in an amount of \$3,504,813.00 (3.59% of the current contract value), from an amount of \$97,695,421.25, to an amount not to exceed \$101,200,234.25.

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 November 7, 2019

Attachment