



# Waukesha Water Utility

SERVING WAUKESHA SINCE 1886

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## MEMORANDUM

DATE: February 22, 2019

TO: Dan Duchniak, General Manager

FROM: Joe Ciurro, Administrative Services Manager

RE: Construction Audit Services – Change Order #2

In July 2016, the Waukesha Water Commission approved a construction audit/contract compliance service agreement with Baker Tilly (BT) for the Great Lakes Water Supply Project. The agreement covered the selection and monitoring of the Program Manager (PM)/Construction Manager (CM), and its subcontractors, throughout the project. At the time of the agreement, the PM and CM services were assumed to be provided by the same firm and the audit program was developed by Baker Tilly accordingly with Greeley & Hansen eventually being selected.

In March 2018, staff recommended separating the CM services to Black & Veatch. The Waukesha Water Commission approved this change. During the selection process for a construction management firm, staff authorized a change order in the amount of \$2,500 for Baker Tilly to monitor and review such a process. To this point, Baker Tilly has not opined on any of Black & Veatch’s invoices.

To make sure that both the CM and PM contracts for the Great Lakes Water Supply project are appropriately executed, staff recommends that the construction audit/contract compliance service agreement include review of activity associated with both contracts. Staff engaged with Baker Tilly to negotiate a change order that would cover the review and audit of activities for both Greeley and Hansen and Black & Veatch. Baker Tilly reviewed the hours they had used to this point and estimated how many hours it would take to review CM and PM invoices throughout the expected length of construction (through September 2022). With the proposed fee changes, the following reflects the new contract total:

Contract Summary	Fee
Original Construction Audit Fee	\$ 395,000
Net change by previous change orders	\$ 2,500
Construction Audit Fee prior to this change order	\$ 397,500
Current change order amount	\$ 64,680
Adjusted Construction Auditing Fee	<u>\$ 462,180</u>

The new total contract amount would still be roughly \$9,000 less than the next cheapest option noted during the original construction audit selection process. Staff recommends approval of the change order.

**Recommended Motion:** Move to approve Change order #2 to the construction audit services contract with Baker Tilly in the amount of \$64,680.

December 12, 2018

Joseph Ciurro  
Waukesha Water Utility  
115 Delafield Street  
Waukesha, Wisconsin 53187

RE: Future Water Supply Construction Auditing Services – Change Order No. 2

Dear Joseph:

Baker Tilly Virchow Krause, LLP (Baker Tilly) is appreciative of the opportunity to perform construction audit services for Waukesha Water Utility (WWU) on the Future Water Supply project. Presently, Baker Tilly is engaged to review charges related to the PM/CM contract awarded to Greeley and Hansen.

### Change Order Scope

Waukesha Water Utility has requested that Baker Tilly issue this amendment for a change to our initial agreed upon construction audit services between Waukesha Water Utility and Baker Tilly

The project scope detailed in the Professional Services Agreement was 60 months of Construction Audit Services for the Program Manager/Construction Manager (PM/CM). Waukesha Water Utility has elected to amend the Greeley and Hansen PM/CM contract and award the Construction Manager (CM) scope to Black & Veatch. This will require an additional audit program related to the Black & Veatch contract and additional time each month to review Black & Veatch invoices. Additionally, the project is scheduled to be complete in September 2022. Audit serviced commenced in August 2016; therefore, an additional 13 months of construction audit services are required.

### Proposed Change Order

Baker Tilly proposes the following Change Order No. 2 for work on the Future Water Supply project. Specifically the following will be performed:

1. Review the Black & Veatch contract and develop a comprehensive audit program to review the monthly CM invoices and perform a closeout audit.
  - a. Estimated additional hours: 8
2. Review all Black & Veatch invoices prior to January 2019
  - a. Estimated additional hours: 16
3. Perform a monthly review of Black & Veatch invoices for the period from January 2019 through August 2021 (original audit period). The results of the invoice reviews will be included in our monthly reporting to Waukesha Water Utility.
  - a. Estimated additional hours: 160 (5 hours per month. 32 months).

Joseph Ciurro  
Waukesha Water Utility

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4. Extension of the audit scope to include the period from August 2021 through September 2022. This includes all Construction Audit Services detailed in the Professional Services Agreement for both Greeley and Hansen and Black & Veatch.
  - a. Estimated additional hours: 208 (16 hours per month. 13 months).

## Timing and Fees

We have prepared a fee estimate for the change order requested by Waukesha Water Utility on the Future Water Supply project. Our estimate allows for thorough and insightful advice and services from experienced professionals without unnecessary add-ons or start-up charges.

Change Order Phase/Services	Hours	Rate	Fee
Audit program development	8	165	\$ 1,320
Black & Veatch Invoice Review – Prior to January 2019	16	165	2,640
Black & Veatch Invoice Review – January 2019 – August 2021	160	165	26,400
Extended Construction Audit Services	208	165	34,320
<b>Change order #2 amendment</b>	<b>392</b>		<b>\$ 64,680</b>

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Net change by previous change orders	\$ 2,500
<b>Construction Audit Fee prior to this change order</b>	<b>\$ 397,500</b>
Current change order amount	\$ 64,680
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## Summary

This engagement letter reflects the entire agreement between us relating to the services covered by this change order proposal. It replaces and supersedes any previous proposals, correspondence, and understandings, whether written or oral.

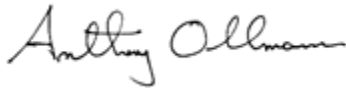
Joseph Ciurro  
Waukesha Water Utility

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We appreciate the opportunity to be of service to you. If you have any questions, please call Tony Ollmann at 608-240-2618 or Robert Zellmer at 608-240-2302. If the services outlined herein are in accordance with your requirements and if the above terms are acceptable, please have one copy of this letter signed in the space provided below and return it to us.

Sincerely,

BAKER TILLY VIRCHOW KRAUSE, LLP



Anthony D. Ollmann, CPA, CCA  
Firm Director

The services and terms as set forth in the engagement letter are agreed to by:

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Joseph Ciurro, Administrative Services Manager  
Waukesha Water Utility

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Date