



MEMORANDUM

DATE: September 25, 2017

TO: Water Commissioners

FROM: Dan Duchniak, P.E and Kelly Zylstra, P.E.

RE: Approve Greeley Hansen Phase 2 Amended Scope of Services and Fees

Negotiations with Greeley Hansen regarding the PM/CM contract and its associated scope of services began in October 2016. Due to the magnitude of the scope of services, we have divided the program into seven tasks and three phases. Phase 1 of the scope was approved at the October 2016 Water Commission meeting. The 2017 portion of the Phase 2 scope was approved at the December 2016 meeting.

Phase 2 is the design services portion of the program through the bidding of the contracts for construction. Since the Phase 2 scope of services covered multiple years, approval of the annual scope and fees is planned to occur through the budgeting process with regular updates on progress to the Water Commission. This results in accountability for the program to the Water Commission as we move forward through this process.

Initially, we had budgeted and anticipated the initial scope and fees for the 2017 portion of Phase 2, to be \$8,068,177. As the program has evolved, we have decided to move several tasks forward into 2017 that were originally scheduled to be completed in 2018, in order to allow for additional time in construction to meet the requirements outlined in the revised consent order.

We have identified the following goals we would like to achieve as a result of this shift. Those are:

- 1) Build float in the Program schedule for 2018 and beyond to guarantee compliance with Department of Justice consent order;
- 2) Advance scope development for Program elements and schedule to support financial planning to take advantage of opportunities for lower cost capital financing;
- 3) Identify opportunities to begin construction in 2019; and
- 4) Adjust the schedule for items under Program control to create float for items under other's control.

In order to accomplish this we have identified the following areas where we would like to adjust the scope:

- 1) Accelerate refinement of Program elements to update Program costs concurrent with water supplier selection;
- 2) Initiate field investigations in 2017 to refine Program elements and complete PSC Report by mid-2018;
- 3) Complete the preliminary design and WDNR Design Report in 2017 to meet WDNR permitting and funding planning to take advantage of funding window eligibility and potential rate cases.

It is important to note that the budget shifts are for work completed between July 2017 and December 2017 and invoices received by the Utility are for the period covering work completed 2 months prior to approval. In order to accomplish this to date, we have redistributed the budgets in other areas. This amendment will restore previous budget levels and allow us to accomplish our goals for 2017.

We will have a presentation for you at the meeting that will provide the details to support our request. If you have questions or concerns prior to the meeting, feel free to contact Kelly or me at any time.

Recommended Motion: Approve the revised 2017 Phase 2 Scope of Services and Fee for the contract with Greeley Hansen for an amount not to exceed \$16,198,077.