SWEETWATER SPRINGS WATER DISTRICT

TO: Board of Directors **AGENDA NO. V-B**

FROM: Steve Mack, General Manager

Meeting Date: November 3, 2011

Subject: RESOLUTION 11-27 WHICH APPROVES THE FIRST AMENDMENT TO THE CONTRACT WITH COASTLAND ENGINEERING FOR 2012 CIP

RECOMMENDED ACTION: Adopt Resolution 11-27 which approves the First Amendment to the contract with Coastland Engineering for design and construction management and inspection services for the 2012 CIP Project and authorize the General Manager to execute.

FISCAL IMPACT: Increases not-to-exceed amount of the contract to $208,482, an increase of $27,950. All of the increase should be covered by liquidated damages from the project contractor.

DISCUSSION:

In October 2010, the District awarded a contract with Coastland Engineering for design and construction management and inspection services for the 2012 CIP Project in the amount of $170,532 with an extra services allowance of $10,000. Recently Coastland has informed the District that contract amount needs to be increased (see Exhibit A). As discussed in Exhibit A, the contract amount needs to be increased because of unexpected overtime by the contractor, the need for two inspectors at times, and the project progress moving slower than expected. The current cost of these extra services is $7,375 which could be covered with the extra services allowance.

However, the construction contract has reached the end of the time allowed for completion and is not near completion. KAT Construction was moving along on the project at a good pace, but has slowed down recently. There have been many construction days with less than a full crew which means the construction management and inspection hasn't been done as efficiently as expected by us or Coastland. Additional funding and authorization for those funds will be needed for the construction management and inspection of the remainder of work. As discussed in Exhibit A, we don't know how much longer the contractor will need to complete the project. Coastland is estimating 4-5 weeks. A week of Coastland construction management and inspection services is $6,115. At 5 weeks the amount needed is $30,575.

The contract with KAT Construction provides for liquidated damages of $800 per day if the contractor does not complete the project within the allotted time. We are meeting with the contractor as soon as possible to discuss this situation. We expect the liquidated damages provision to cover the construction management and inspection services expenses beyond 90 days allowed for completion of the project.

Resolution 11-27 authorizes the General Manager to execute the First Amendment to the contract with Coastland for design and construction management and inspection services for the 2012 CIP Project. The First Amendment increases the contract amount (originally $180,532, including a $10,000 allowance for extra services) by $27,950. This will cover the existing extra services request of $7,375 and provide for construction management and inspection services by Coastland for 5 weeks.

Staff will work with Coastland and KAT Construction to resolve this situation in a harmonious as possible way with the goal of completing the 2012 CIP as soon as possible with the least additional cost to the District.

RESOLUTION 11-27

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SWEETWATER SPRINGS WATER DISTRICT APPROVING A FIRST AMENDMENT TO THE AGREEMENT FOR ENGINEERING SERVICES FOR FY 2012 CAPITAL IMPROVEMENT PROGRAM (CIP) WITH COASTLAND ENGINEERING INC. (COASTLAND) AND AUTHORIZING THE GENERAL MANAGER TO EXECUTE THE AMENDMENT

WHEREAS, the FY 2012 CIP consists of the following elements:

- Main replacement on Western, Eastern and Northern Avenues and Orchard Lane in the Guerneville System.
- Main replacement in the Foothill Drive area in the Monte Rio System, including work in Beech Ave., El Rancho Way, Breen Ct., and Grahn Dr.; and

WHEREAS, on October 7, 2010, the District entered into a Professional Services Agreement with Coastland Engineering ("Original Agreement") to provide engineering services for design and construction management and inspection for the 2012 CIP in the amount of $170,532 ("Base Amount") with an extra services allowance of $10,000, for a total Not to Exceed Amount of $180,532; and

WHEREAS, Coastland has informed the District that the Original Agreement needs to be increased by $7,375 over the Base Amount for extra engineering services already provided for the 2012 CIP due to the delay by KAT Construction in timely completing the 2012 CIP and Coastland may need to provide up to 5 weeks of additional engineering services for the 2012 CIP based on its estimate of the time it will take KAT Construction to finish the project; and

WHEREAS, one week of design and construction management and inspection services from Coastland costs $6,115, and five weeks of these services would cost $30,575; and

WHEREAS, the total cost of the additional engineering services already incurred of $7,375, plus the anticipated costs of engineering services necessary to complete the project of $30,575, result in total additional engineering costs for the project of $37,950; and

WHEREAS, the total cost of the additional engineering services necessary to complete the 2012 CIP requires an increase in the Not to Exceed Amount in the Original Agreement of $27,950 (Base Amount, plus $10,000 extra services allowance plus $37,950), for a new Not to Exceed Amount of $208,482; and

WHEREAS, KAT Construction has exceeded the number of days allowed for completion of the project and is subject to liquidated damages of $800 per day pursuant to the Construction Contract; and

WHEREAS, the liquidated damages can be used to reimburse the District for the extra costs incurred as a result of KAT Construction's failure to timely complete the project in accordance with the Construction Contract; and

WHEREAS, the First Amendment to the contract with Coastland Engineering for design and construction management and inspection services for the 2012 CIP Project provides for an increase in the Not to Exceed Amount of $27,950, for a total Not to Exceed Amount of $208,482 to cover the extra costs for these services for the remainder of the Project.

NOW, THEREFORE, BE IT RESOLVED, that:

1. The First Amendment to the Agreement for Engineering Services for the 2012 CIP with Coastland, a copy of which is attached hereto as Attachment A, increasing the Not to Exceed Amount in the Original Agreement to $208,482 to cover the additional engineering services required to complete the 2012 CIP is hereby approved; and

2. The General Manager is authorized to execute said First Amendment on behalf of the District.

I hereby certify that the foregoing is a full, true, and correct copy of a Resolution duly and regularly adopted and passed by the Board of Directors of the SWEETWATER SPRINGS WATER DISTRICT, Sonoma County, California, at a meeting held on November 3, 2011, by the following vote.

Director	**Aye**	**No**
Sukey Robb-Wilder	_____	_____
Jim Quigley	_____	_____
Richard Holmer	_____	_____
Gaylord Schaap	_____	_____
Victoria Wikle	_____	_____

_____
Julie A. Kenny
Clerk of the Board of Directors

_____
Jim Quigley
President of the Board

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Coastland
Civil Engineering - Construction Management - Building Dept. Services

October 26, 2011

Mr. Steve Mack, General Manager
Sweetwater Springs Water District
P.O. Box 48
Guerneville, CA 95446

Subject: 2012 Capital Improvement Project
Request for Contract Amendment #1

Dear Steve:

This letter is to request a contract amendment for Coastland's inspection services for the 2012 Capital Improvement Project and to alert you to potential future costs due to the fact that the Contractor has run out of working days per the original contract and has yet to finish the work.

As you may know, over the course of the project there have been some minor changes needed due to unforeseen field conditions encountered during construction. These unforeseen conditions required minor design changes and additional field time for our inspector. Also, from time to time the Contractor has worked beyond an eight-hour day due to misjudging how long it would take to complete a particular portion of the work during certain days. This has required overtime inspection on our inspector's behalf, which was not accounted for or anticipated in our original budget in our proposal. Additionally, during paving operations two inspectors were needed on-site for one day to ensure that both grinding and paving operations were properly monitored (it should be noted that having the additional inspector to monitor the paving and grinding resulted in saving approximately 100 tons of asphalt – approximately $10,000 - verses what was included in the project estimate for the Monte Rio site.) Finally, in our original proposal submitted prior to the design, we based our construction management and inspection budget on 87 days, as estimated by the District at the time of the release of the RFP. Once the design was completed, we estimated that the actual days allowed in the contract documents was 90 days. Our original budget did not account for these three additional days.

Based on the above-described changes, we have exceeded our original estimated budget by $7,375 ($3,670 for the 3 additional days of work not accounted for in our original proposal and $3,705 for the unforeseen overtime, changes and additional inspection during paving.) As these unforeseen changes were not anticipated in our original budget, we are requesting consideration for an amendment for this amount. Please note that the dollar amount quoted herein does not include expenses incurred for minor redesign due to unforeseen field conditions nor the full overtime expenses. We have elected to absorb those expenses as our offer of good faith and to let the District know that we are concerned more with our long-term relationship than in short term gain.

Additionally, as we mentioned to you in our meeting yesterday, as of today, the Contractor has used up all 90 working days as called out in the contract documents and has not completed work. The primary cause for this, in our opinion, has been lack of adequate manpower during portions of the project (as an example, recently there have only been two crew members on the

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project to do water meter tie-ins. In the past, the contractor has had over five to six crewmen working on the site.) There have also been some days were the contractor simply didn't show up on the project (without advanced notice.) On those days, our inspector showed up at the project site and had to call the contractor to find out that they were not going to have personnel on the site that day. This has led to additional expenses on behalf of our budget and, ultimately, the District's.

With the Contractor running out of working days, both the District and Coastland are in a position to have to incur additional expenses that were not anticipated. Fortunately, the contract documents provide a remedy for this situation. As I mentioned this morning, Section 5-1.02 of the specifications states that if the contractor does not finish the job in the 90 allocated days, the contractor will forfeit and pay to the District liquidated damages of $800 per calendar day ($5,600 per week) until all of the work is completed. As discussed this morning, we will prepare a letter for your consideration to be presented to the contractor (both in person and by certified mail) notifying him of this situation and the District's intent to assess liquidated damages.

Based on our observation of progress that we have seen from the contractor, it is impossible to estimate exactly how many days the contractor will take to finish the remaining work. However, if he exerts his full crew's effort into completing the remaining work, we guesstimate that it will take 20-25 additional working days (4-5 weeks). Assuming 8 hours per day of inspection and 2.5 hours per day of construction management, our approximate daily expenses for observing this additional work will be $1,223 ($6,115 per week based on a 5 day work week.) As this is slightly in excess of the liquidated damages collected on a weekly basis, we will do everything we can to limit the amount of time spent on the job in an attempt to not to exceed what can be collected from the contractor (we will have to reduce the construction management time spent on the job by approximately 1 hour per day to achieve a balance.)

We know that this presents a difficult situation to the District and please be assured that Coastland stands alongside the District to work through this situation. If you have questions regarding any of these issues please call either one of us at your earliest convenience.

Sincerely,

John Wanger
Principal

Mike Janet
Construction Services Manager

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SWEETWATER SPRINGS WATER DISTRICT
FIRST AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT
WITH COASTLAND ENGINEERING

THIS FIRST AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT ("First Amendment") is made and entered into this ___ day of _____, by and between Sweetwater Springs Water District ("District"), and Coastland Civil Engineering, Inc., ("Consultant," and collectively with District, referred to as "Parties") for the purpose of amending that certain Professional Services Agreement ("Original Agreement"), between the Parties dated October 7, 2010, for engineering services for design and construction management and inspection of Capital Improvement Program (CIP) construction projects for 2012 ("2012 CIP Projects").

WHEREAS, the Original Agreement has a Not to Exceed Amount of $180,532.00; and

WHEREAS, due to failure of the contractor to timely complete the 2012 CIP Projects, the District is in need of additional engineering services from Consultant; and

WHEREAS, the District wishes to amend the Original Agreement to increase Consultant's compensation for additional services and amend the Not to Exceed Amount;

NOW, THEREFORE, the Parties hereby agree to amend the Original Agreement as follows:

1. Section 3 of the Original Agreement, "Payment Terms and Not to Exceed Amount," is hereby amended to increase the "Not to Exceed Amount" to $208,482.

2. Except as otherwise modified by this First Amendment, the terms and conditions of the Original Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the Parties have caused this First Amendment to be signed and executed to be effective as of the date first shown above.

DISTRICT	**CONSULTANT**
By: _____	By: _____
Its: _____	Its: _____
	By: _____
ATTEST:	Its: _____
By: _____	
Julie Kenny, Clerk of the Board	

APPROVED AS TO FORM

_____

Nancy Thorington, District General Counsel

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