

EXECUTIVE SUMMARY SHEET
CITY OF SAN DIEGO

DATE ISSUED: July 20, 2006
 ATTENTION: Natural Resources & Culture Committee,
 Agenda of July 26, 2006
 ORIGINATING DEPARTMENT: Water/Engineering & CIP Program Management Division
 SUBJECT: Second Amendment to Agreement with CH2mHill, Inc for
 Consultant Services
 COUNCIL DISTRICT(S): 7 (Madaffer)
 CONTACT/PHONE NUMBER: Oscar Khoury (619) 533-4102
 Iraj Asgharzadeh (619) 533-5105

REQUESTED ACTION:

Introduce an Ordinance to amend the Agreement with CH2mHill, Inc to extend the contract term by three additional years and modify the phased funded compensation schedule and source of funds. This action will not increase the contract amount with CH2mHill as previously authorized (R-295950).

STAFF RECOMMENDATION:

Adopt the Resolutions and Introduce the Ordinance.

EXECUTIVE SUMMARY:

The City entered into an Agreement R-295950 with CH2mHill, Inc on January 14, 2002, in the amount of \$8,081,599, to provide construction management services for the Earl Thomas Reservoir CIP 73-261.4 and Alvarado Water Treatment Plant Upgrade Phase II CIP 73-261.3 projects. CH2mHill's compensation schedule split the total fee between the two projects with \$2,660,533 allocated to Earl Thomas Reservoir and \$5,421,066 allocated to Alvarado Water Treatment Plant Upgrade and Expansion Phase II.

CH2mHill, Inc exceeded their budget for Phase II due to the bankruptcy of Nielsen Dillingham Builders during construction of the Alvarado Water Treatment Plant Upgrade and Expansion Phase I, the City Council directive to pay prevailing wages for construction contracts exceeding \$10 million, and Building Code interpretations that required additional special inspection. CH2mHill, Inc spent \$2,606,744.39 assisting the City with settlement negotiations with Nielsen Dillingham's surety, and construction management work with City Facilities Maintenance staff and other contractors who worked on completing Nielsen Dillingham's unfinished work. Finally, additional portions of the work required special inspection that was not originally contemplated, and resulted in CH2mHill, Inc using as needed special inspectors to cover simultaneous special inspections occurring at multiple locations of the construction site.

Prior to this request, City staff worked with CH2mHill, Inc on mitigating some of these costs. City staff reduced the scope of work that CH2mHill, Inc is performing resulting in the release of two full time employees, one full time employee was reduced to part time, and one additional non special inspection employee was replaced with City staff. Furthermore, this staff reduction

was necessary in order to stretch the remaining \$8,081,599 in funding out until the project is complete.

In addition to financial issues, the term of CH2mHill, Inc's existing Agreement will expire prior to the project being completed and capitalized. The time of the Agreement needs to be extended to ensure CH2mHill, Inc is available to inspect the startup of the facility equipment, computer programs, and overall plant operations, and that the Contractor has completed all their work in accordance with the contract documents.

FISCAL CONSIDERATIONS:

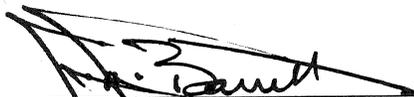
This amendment to CH2mHill's agreement will extend the Agreement for three years and provide phased funding for completion of Phase II construction management services. The total authorization of \$8,081,599 under CH2mHill's original agreement will not change, however this action will transfer the \$467,789.16 in excess funds allocated for managing the construction of the recently completed Earl Thomas Reservoir to Phase II.

PREVIOUS COUNCIL and/or COMMITTEE ACTION: CH2mHill has had one previous Agreement R-290767 executed on September 29, 1998 for a total fee of \$4,500,000 with the City for the Upgrade and Expansion of the Alvarado Water Treatment Plant Phase I, prior to their \$8,081,599 Agreement for the Earl Thomas Reservoir and Phase II. The Phase II Agreement of January 14, 2002, was amended on October 5, 2004, document C-12875, as a result of the City's lapse of their Owner Controlled Insurance Program.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

Community meetings have been conducted to inform members of the public, including the Friends of Lake Murray, Mission Trails Community Advisory Committee, and local residents about the scope and schedule of the Alvarado Water Treatment Plant Upgrade and Expansion project. A CIP hotline is regularly maintained to answer questions and provide information to the public. Door hangers, fact sheets, newsletters, and updates on the City of San Diego Web site also add to the public outreach efforts.

KEY STAKEHOLDERS AND PROJECTED IMPACTS: The key stakeholders are City of San Diego Water Department customers, CH2mHill and their subconsultants, Archer Western Contractors, Development Services Department, and California Department of Health Services. Failure to provide funding for overseeing this work could result in the City not closing out the project per Building Code, and being unable to ensure the facility is operating as intended, or identifying if the operational problems are related to the design or construction.



J.M. Barrett
Water Department Director



R. F. Haas
Deputy Chief of Public Works