

FOR BOARD ACTION

Agenda Item # 8.c.

Meeting Date:

9/28/04

SUBJECT:

RPU Steam Supply Project
Stanley Consultants, Inc. – Change Order #7

PREPARED BY:

Wally Schlink, Director of Power Resources

ITEM DESCRIPTION:

Background: At the July 31, 2001 Board Meeting, the Utility Board approved two professional services contract agreements with Stanley Consultants, Inc. to provide engineering services for the RPU-Mayo Steam Supply project. Since that time the Utility Board has approved additional professional services to be added to the contracts for expanded scope items that were identified during the engineering process. The approved expanded items brought the total approved amount of the contracts to \$1,195,680

Since that approval, staff has been working diligently to procure the required permits to begin construction but the process has negatively impacted the schedule and there has been an impact in the direct costs for the site engineer that will be overseeing the construction and commissioning of the project.

The contract agreements were broken down to cover the two sub-projects that make up the Mayo project. The first being the Silver Lake Plant Project that includes the modifications and revisions to the Silver Lake Plant. The second consisting of the Steam and Condensate Project which includes the steam delivery piping and condensate return systems that connect the two facilities.

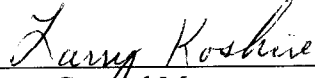
Staff has requested Stanley Consultant, Inc. to submit a change order for the additional engineering services directly related to the project construction delay and they are attached to the FBA. The cost impact summary is as follows:

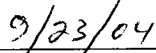
The additional scopes and changes will increase the total contract amounts to:

Silver Lake Plant Project - \$771,438

Steam & Condensate Project - \$566,422

Stanley Consultants, Inc. has been the engineering firm involved with the development of the project since 1997. They have developed the project design to its current level and are the A&E firm for all portions of the project. Stanley Consultants has been providing ongoing support and services during the project construction delay period and RPU staff has reviewed the submission for Change Order


General Manager


Date

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#7 and feels they are accurate and justified. Staff has been satisfied with the performance of Stanley Consultants on the project.

Attached is the proposal from Stanley Consultants providing the additional costs to perform the professional services impacted by the delay in receiving a construction permit for the project.

The cost of the plant project, including Stanley's fees, will be recovered through the "steam rate" capital recovery charge component in the steam price to the end customer, while the steam pipeline costs will be an immediate pass-through to the end customer during the construction process.

UTILITY BOARD ACTION REQUESTED:

Staff recommends that the Utility Board approve a change order to the contracts with Stanley Consultant Inc. in the amount of \$142,200 for professional services for the RPU Steam Supply Project. This brings the total amount of the contracts to \$1,337,880.

General Manager

Date



Stanley Consultants INC.

A Stanley Group Company
Engineering, Environmental and Construction Services - Worldwide

September 14, 2004

Mr. Walter Schlink
Manager of Power Production
Rochester Public Utilities
4000 East River Road NE
Rochester, MN 55906-2813

Dear Mr. Schlink:

Subject: Additional Scope Items for the Rochester Public Utilities
Mayo Steam Export Projects
General Construction Silver Lake Plant Modification Project
SCI Project No. 15545.02 (.07) and
Rochester Public Utilities Steam Supply Project
SCI Project No. 15545.03 (.09)
Change Request No. 7

1. Resident Project Representative Services:

The original contracts for the General Construction Silver Lake Plant Modifications project and the Rochester Public Utilities (RPU) Steam Supply project include Stanley Consultants' Resident Project Representative (RPR) time estimated using Fiscal Year 2001-2002 rates. This change request incorporates both additional RPR time identified in the latest project schedule and escalation rates from the FY 2001-02 to the FY 2003-04 and FY 2004-05 labor rates.

Original Situation

- The RPU Steam Supply project includes three months of RPR.
- The SLP Modifications project includes six months of RPR.
- The combined nine months were to be used between September 2001 and September 2002.
- The original cost for the nine months of RPR totaled \$208,100.

On March 17, 2003, a request for Change Order No. 6 was submitted and later approved to increase the combined RPR time from nine months to 12 months between September 2003 and December 2003 and from March 2004 through November 2004.

Change Order No. 6 was approved for an additional \$102,600 as documented in the change request letter dated March 17, 2003.

This document was sent electronically

Current Situation

The current project schedule will have resident project representative services beginning in September 2004 (including adjustments on all awarded construction contracts) and monitoring of construction beginning immediately on Rochester Public Utilities property (Water Treatment Building and Segment 9 of the steam piping while the weather is still good. The interior work will also begin within the Silver Lake Plant and the new Water Treatment Building through the winter months.) The second construction period will immediately follow the first and will primarily be the distribution piping work in the public domain between Silver Lake Plant and Prospect Plant. This period will be from March 2005 through December 2005. It has been agreed between RPU and Rochester Public Works that full-time supervision will be provided by the RPR during all work within the public domain. This will require the revised 12 months of RPR services to be lengthened to 15 months (September 2004 through December 2005.)

Fifteen months of RPR services and escalation:	Labor:	\$370,190
	Expenses ⁽¹⁾ :	<u>\$ 36,810</u>
		\$407,000

- (1) Expenses include furnished apartment with utilities, automobile, cell phone, land phone and fax and associated taxes.

The overall RPR services break down as follows:

RPU Silver Lake Plant Modifications Project:	\$162,800
RPU Steam Supply Project:	\$244,200
Net increase in cost for Resident Project Representative time and expense:	\$ 96,200
This breaks down into:	
RPU Silver Lake Plant Modifications Project:	\$38,480
RPU Steam Supply Project:	\$57,720

It should be noted that the average monthly breakdown for RPR services from the Change Order No. 6 in March 2003 was \$25,900. The current average monthly breakdown for RPR services is now \$27,139. This amounts to a 4.78 percent increase over the last 18 months. The major cost escalation is; therefore, in the additional three months of RPR services.

2. Construction Services for RPU Steam & Condensate:

The original contract for the RPU Steam Supply project included time for construction services provided from Stanley Consultants' home office. The contract value was \$49,200 (labor and expenses for 400 man hours.) Due to the project delay and multiple efforts associated with coordinating contractor re-pricing, these funds have been expended. The estimated "cost to complete" over the next 15 months, excluding all completed bid support, contract conformance, schedule and cost estimating assistance is \$36,000. This change item is associated completely with the RPU Steam Supply project.

Mr. Walter Schlink
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3. Building Code Change:

Provide design revision of calculations and drawings for the Water Treatment Building to update the contract drawings from the 1998 Minnesota State Building Code to the 2003 Minnesota State Building Code. The 1998 code was enforced when the design was completed, bid and awarded. On March 31, 2003, the city adopted the 2003 Code that uses the 2000 International Code with State amendments. The engineering cost to update the drawings, specifications and computations is \$10,000. This change item is completely associated with the RPU Silver Lake Plant Modifications project.

We; therefore, request that the contract ceiling be increased \$142,200 to incorporate the above three items.

If you have any questions, please give me a call at 563.264.6474.

Sincerely,

Stanley Consultants, Inc.



Mark Henthorn
Project Manager

cc: Mark Browning
Don DeCramer
Russ Price
Files 15545



RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve Change Order No. 7 for Stanley Consultant Inc. to provide professional services to the RPU Steam Project in the amount of \$142,200. This brings the total amount of the contract to \$1,337,880.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 28th day of September 2004.

President

Secretary