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August 26, 2019

Board of Directors
Triunfo Water & Sanitation District
Ventura County, California

**LAKE SHERWOOD VARIABLE GRADE GRAVITY SEWER SYSTEM
IMPROVEMENTS PROJECT UPDATE**

Summary

At the July 22, 2019, Triunfo Water & Sanitation District (District) Board Meeting, staff provided an update on the single proposal received for the Lake Sherwood VGGSS Project's Request For Proposals (RFP). The proposal submitted by Blois Construction was \$3.93M, nearly twice the Engineer's Estimate. Further, the Board was provided with several factors which staff believes contributed to this result:

- 1) Lack of competition for this project
- 2) Construction challenges due to project geographical and geological conditions
- 3) Hardscape conflicts and easements
- 4) Economic impact on bidding climate

At the Board's direction, staff initiated negotiations with Blois in an effort to reduce project costs. Based on discussions with Blois, Blois' cost estimate for the project included significant funding for unknown conditions and that the only option for reducing costs was for the District to share the risk. The response received from Blois was only a \$250,000 reduction (contingency fund) out of a \$3.93M proposal. Unfortunately, Blois only identified schedule, groundwater, homeowner impacts, and rocks/sewer bypass as the areas of concern. The District had also requested they consider the high G&A costs, small equipment installation costs, and small diameter pipelines installation costs, however, none of these were included.

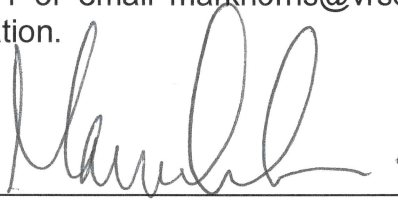
As a result of Blois' reluctance to negotiate, staff recommends that Blois be presented with a counteroffer to reduce the costs significantly. If the counteroffer effort is not accepted by Blois, the District could pay the full \$3.93M price with Blois assuming all the risks, or the District could choose not to award the contract. If not awarded, the Project could be completed through a different method as was previously discussed and summarized below:

- 1) Vacate the bid and proceed with a conventional design-bid-build approach to encourage more competition and enhanced bidding climate. District risks could be further reduced based on a better understanding of project challenges that have more recently been identified via the design-build effort
- 2) Vacate the bid and remove the vacuum system component from the Project and incorporate into a future project design and proceed with only the Lakeside Lift Station Improvements via a design-bid-build process.

At the Board's direction, staff will continue to negotiate with Blois in an effort to reduce costs. Pending the outcome, staff is recommending that the Board discuss project delivery alternatives and direct staff accordingly.

Please contact me at 805-658-4621 or email marknorris@vrsd.com if you have any questions or need additional information.

REVIEWED AND APPROVED:



Mark Norris - General Manager

Attachment: None