



Providing Outstanding Service Since 1963

Board of Directors

Janna Orkney, Chair

Susan Pan, Vice Chair

Leon Shapiro, Director

Raymond Tjulander, Director

James Wall, Director

November 25, 2019

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

DEVELOPMENT OF THE LAKE SHERWOOD VGGSS PROJECT – HISTORICAL OVERVIEW AND COST ANALYSIS

Summary

In 2016, the Triunfo Sanitation District (TSD) Board reprioritized the original 5-year CIP and moved the Lake Sherwood Variable Grade Gravity Sewer System (Project) to a high-priority project to remedy several deficiencies and labor intensive practices. Project implementation had been delayed due to budget impacts resulting from increases in other District expenses. The Project included replacement of the existing hybrid septic tank-sewer system and upgrades to the Lakeside Lift Station.

The Project design began in March 2016 with the hiring of an engineering consultant, KEH & Associates. The initial strategy was to complete the Project by December 2018 under the conventional design-bid-build methodology. During the preliminary design phase of the Project, KEH recommended that TSD modify the plan for Project delivery, transitioning from design-bid-build to a design-build (DB) approach. This recommendation was based on a better understanding of Project risks and design uncertainties which resulted from the preliminary design efforts. Following KEH's completion of the 30% Project design and based on TSD Board concurrence, staff, with the assistance of KEH, developed a plan to move forward with the DB concept.

Seven (7) potential proposers were identified and responded with letters of interest for the DB Project during the RFQ phase of the Project. Unfortunately, only one proposal was submitted in June 2019 from Blois Construction with a cost roughly two (2) times the Project budget (\$3.9M vs. \$2.2M budgeted). Two main factors were identified as the primary reasons for the major cost difference between the engineer's estimate and the proposal:

- 1) Bid climate - uptick in economy created a surge in projects, coupled with regional fire disasters.
- 2) Project uncertainties and associated risks resulted in substantial cost contingencies.

Based on the major increase in costs for the Project, staff recommended that the Project be delayed a minimum of 5 years. This delay would allow for the District to develop the

additional funding needed for the Project. The TSD Board agreed with the recommendation and the Project was placed on hold. Although the Project has expended considerable funds, most, but not all of the work completed will be of value and utilized in further future project development. The Project costs to date include:

30% design effort	\$51,277
Survey/mapping	\$25,500
Easements/research/mapping	\$17,000
<u>DB process (RFQ, RFP, bid analysis)</u>	<u>\$149,223</u>
Total approximate cost to date:	\$243,000

As a result of the Project being delayed, staff recommends the Board break out the Lakeside Lift Station components of the Project and complete the planned upgrades as a maintenance project rather than as a capital improvement. The septic tank-sewer pipeline portion of the Project would continue to be delayed as previously stated. In doing just the lift station, TWSD would ensure extended system reliability pending ultimate completion of the project. VRSD has provided TWSD with a cost estimate of \$119,372 to complete the lift station upgrades. The VRSD proposal is significantly less than the cost contained in the Blois proposal of \$665,000, a difference of \$545,628. Based on other recent maintenance upgrade projects successfully completed by VRSD, staff believes that the VRSD proposal is fair and reasonable and recommends that the Board approve a transfer of \$131,000 (includes a 10% contingency) from the WW CIP Fund to the VRSD services contract to fund the Lakeside Lift Station Upgrade Project.

Please contact me at (805) 658-4621 or marknorris@vrzd.com if you have any questions.

Fiscal Impact

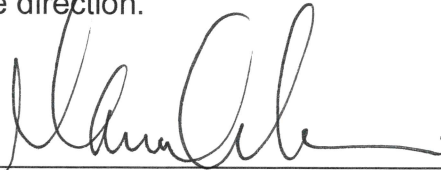
The recommended transfer will increase the VRSD services contract by \$131,000 for FY 2019-2020 to complete the Lakeside Lift Station improvements.

Recommendation

It is recommended that the Board:

- A. Approve the Lakeside Lift Station Upgrade Project as a maintenance project and direct VRSD to complete the planned work; and
- B. Authorize a transfer of \$131,000 from the WW CIP Fund and a budget increase for the VRSD services contract; or
- C. Provide staff with alternative direction.

REVIEWED AND APPROVED:


Mark Norris - General Manager